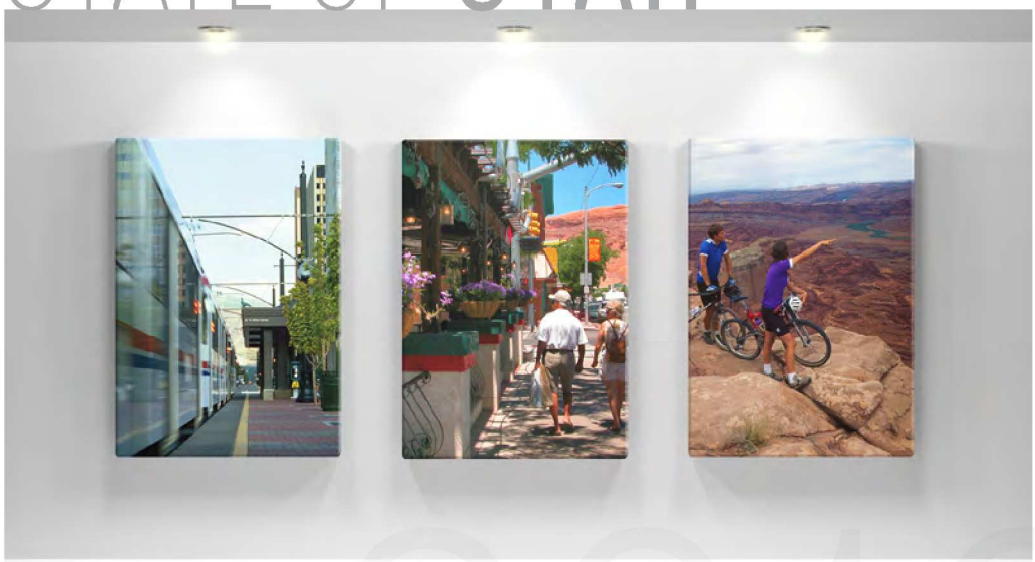
STATE OF **UTAH**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

2012

FOR THE FISCAL YEAR ENDED JUNE 30, **2012**

STATE OF **UTAH**

Although Utah is only the nation's thirteenth largest state by land area and thirty-fourth in population size, the State has the second fastest rate of economic growth. Utah has an ideal blend of economic dynamism and the nation's most astonishing landscapes. The result is a state showcased as "best" for business, careers, and quality of life.

State of Utah Accolades – Fiscal Year 2012

#1 Pro-Business State for 2012 | Pollina Corporate Real Estate (August 2012)

#1 "Best State For Business and Careers" | Forbes Magazine (November 2011 and 2010)

#1 "Best Business Climate" | Business Facilities (August 2011)

#1 "Expected Economic Recovery and Economic outlook" Five Years in a Row
American Legislative Exchange Counci | ALEC (January 2012)

#1 "Volunteerism in America" Second Year in a Row | Corporation for National and Community Service (July 2011)

#2 "America's Top States for Business 2012" | CNBC (July 2012)

#2 "Job Growth" | U.S. Bureau of Labor Statistics (March 2012)

Top five for all four export metrics | U.S. Chamber of Commerce's "Enterprising States" report (June 2012)

2012

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2012

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Gary R. Herbert ..... Governor
Greg Bell ..... Lt. Governor
Auston G. Johnson, CPA ..... State Auditor
Richard K. Ellis ..... State Treasurer
Mark L. Shurtleff ..... Attorney General
Michael G. Waddoups ..... President of the Senate
Rebecca D. Lockhart ..... Speaker of the House
Matthew B. Durrant ..... Chief Justice, Supreme Court

OTHER STATE OFFICIALS

Kimberly K. Hood ..... Executive Director, Department of Administrative Services
John C. Reidhead, CPA ..... Director, Division of Finance
Ron C. Bigelow, CPA ..... Director, Governor's Office of Planning and Budget
Jonathan C. Ball ..... Director, Office of the Legislative Fiscal Analyst
John M. Schaff, CIA ..... Auditor General, Office of the Legislative Auditor General
Michael E. Christensen ..... Director, Office of Legislative Research and General Counsel

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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.

Department of Administrative Services: Division of Finance Accounting Standards and Financial Reporting Section

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2012

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State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of Administrative Services

Kimberly K. Hood
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

October 19, 2012

To the Citizens, Governor,
and Members of the Legislature
of the State of Utah:

It is our pleasure to present the 2012 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A–3–204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

Internal Control. The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Independent Auditors. In compliance with state statute, an annual financial audit of the "State Reporting Entity" is completed each year by the Office of the Utah State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The State Auditor's report and the unqualified opinion on the fair presentation of the Basic Financial Statements are included in the Financial Section of this report.

Single Audit. Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A–133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the State Auditor's report, is issued in a separate report.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 16 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Structure. As shown in the organizational chart on page 11, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 2,856,000 citizens. Services include building and maintaining

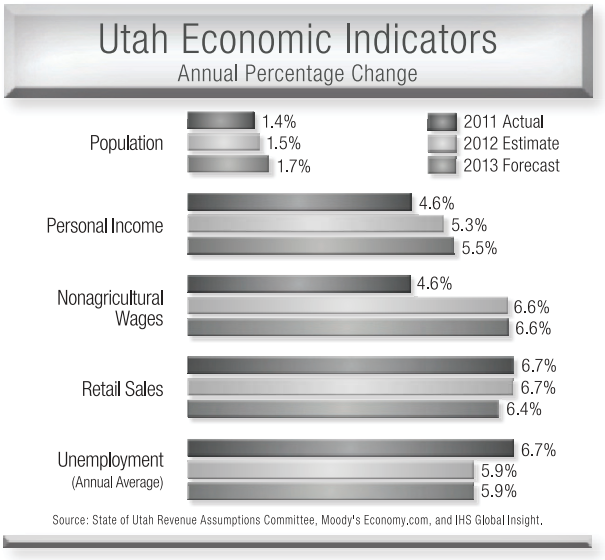
roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

The State Reporting Entity. The State Reporting Entity includes the *primary government* and its *component units.* The *primary government* of the State of Utah includes all funds, departments, agencies, and other organizational units governed by the Legislature and/or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units that are financially accountable to the State. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented component units can be found in the notes to the financial statements (see Note 1. A. on page 63).

Budgetary Process and Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget for the governmental funds with an annual appropriated budget (General, Education, Transportation, Transportation Investment and Debt Service Funds), by function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures by line item in the annual *Appropriations Acts*. Line item is the legal level of budgetary control. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that line items and funds will not end the fiscal year in a deficit position. For additional information on the budgetary process and control, see the notes to the Required Supplementary Information beginning on page 128.

INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

Local Economy. The economy in Utah continued to improve in 2011. In 2012, economic growth is expected to continue and accelerate as the improving labor market supports increased consumer spending.



Utah's unemployment rate was 6.7 percent in 2011 and is expected to decline to 5.9 percent in 2012 and 2013. In 2011, personal income and nonagricultural wages both increased by 4.6 percent. In 2012, personal income is expected to increase by 5.3 percent and nonagricultural wages are expected to increase by 6.6 percent. Taxable retail sales increased by 6.7 percent in 2011, and are expected to increase by the same rate in 2012. Total construction value was $3.8 billion in 2011, a 15 percent increase from the prior year. This increase reverses four consecutive years of decline for total construction value, but still far below the record high of $7.4 billion in 2006. In 2012, total construction value is expected to decrease slightly to $3.6 billion. Residential construction was $1.7 billion in 2011, unchanged from the prior year. Residential permitted value is expected to increase moderately to $2.2 billion in 2012, as growth in employment, household income, and the population increases demand. In 2012, Utah population is estimated at 2,856,000, which is an increase of 1.5 percent over the prior year. Utah had positive net migration of approximately 2,300 people in 2011 and is expected to grow by 5,000 people in 2012. Utah has had positive net migration for the past 22 years and this trend is expected to continue in the coming years.

Industries. Utah's nonagricultural employment growth is expected to increase by 3.3 percent in 2012, and by the same rate in 2013, which is close to the Utah average yearly rate of 3.1 percent (1950 through June 2012). The employment environment continues to improve as the economy continues to rebound from the national recession that began in late 2007. All but one industry experienced positive employment growth, led again by the professional and business category. The professional and business category provided 7,200 new jobs, which are primarily in the high-paying professional and technical industries. State government and higher education added 4,100 new jobs, primarily in higher education. The manufacturing industry, which drives growth in many other industries, added 3,600 new jobs. This was the second year of growth, following three years of contraction in manufacturing. Both local and federal government declined for the third consecutive year. The results for August 2011 to August 2012 are presented in the following table.

State of Utah
Jobs by Industry of Utah's Labor Force
(Expressed in Thousands)

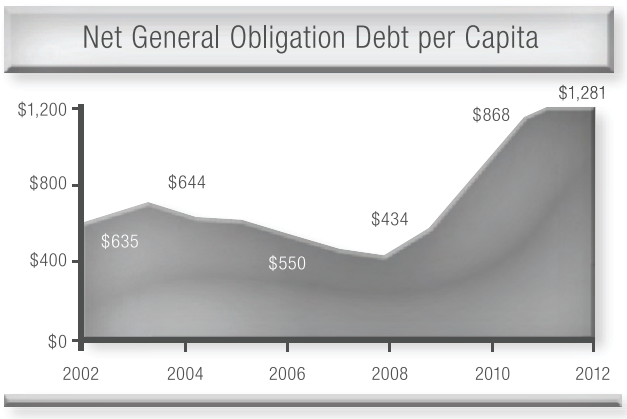
	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	2012 (est.)	2011	2011 to 2012	2011 to 2012	2012 (est.)
Trade, Transportation, and Utilities	237.2	236.0	1.2	0.5 %	19.2 %
Professional and Business	170.5	163.3	7.2	4.4 %	13.8 %
Education and Health Services	157.4	154.9	2.5	1.6 %	12.7 %
Government (Local/Federal)	142.4	144.3	(1.9)	(1.3)%	11.5 %
Manufacturing	119.1	115.5	3.6	3.1 %	9.7 %
Leisure and Hospitality	119.5	118.3	1.2	1.0 %	9.7 %
Construction	70.2	69.4	0.8	1.2 %	5.7 %
Financial Activities	72.7	70.4	2.3	3.3 %	5.9 %
Government (State/Higher Ed.)	66.0	61.9	4.1	6.6 %	5.3 %
Other Services	35.3	34.5	0.8	2.3 %	2.9 %
Information	31.6	29.9	1.7	5.7 %	2.6 %
Natural Resources and Mining	12.8	12.0	0.8	6.7 %	1.0 %
Total	**1,234.7**	**1,210.4**	**24.3**		**100.0 %**

Source: Utah Department of Workforce Services, August 2012 Jobs by Industry and Components of Labor Force

Outlook. The national economy is experiencing a slower-than-average recovery. As in prior recoveries, Utah has grown more rapidly than the nation due to its diverse state economy, which is attributable to: 1) a highly productive, well-educated workforce, 2) the strong presence of knowledge-based industries such as business, professional education, health, and financial services, 3) a business-friendly climate, and 4) an attractive quality of life. However, negative factors continue to weigh on the recovery, both nationally and locally. The major risk factors include the European sovereign debt crisis and concerns over the looming so-called "fiscal cliff" in the United States, which refers to tax increases and spending cuts that are set to expire on December 31, 2012, unless Congress acts. The local Utah economy is driven by these national and global factors. As these events settle and the outlook becomes more certain, growth is expected to accelerate both nationally and locally. Business hiring is expected to pick up, and the recovery will likely move toward a more typical expansion.

FINANCIAL PLANNING AND POLICIES

Debt Administration. As part of long-term financial planning, the State has used a combination of bonding and "Pay-As-You-Go" methods to meet the infrastructure needs of the State, as shown in the graph. In fiscal years 2002 through 2003, and 2008 through 2012, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. In fiscal years 2004 through 2007 the State bonded less and primarily funded projects with the "Pay-As-You-Go" method using one-time and ongoing money. In early fiscal year 2012, the State issued $609.92 million in general obligation bonds for capital facilities and highway construction projects. At June 30, 2012, the State's general obligation



debt per capita was $1,281. The State has an aggressive policy of repaying its general obligation debt within seven years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements on page 97.

Revenue and Expenditure Forecasts. Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2012 consensus forecast projected combined General and Education Fund revenue growth of 2.5 percent in fiscal year 2012 and 4.2 percent in fiscal year 2013. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 3.9 percent for fiscal periods 1971 through 2012.

Budget Stabilization. In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. For additional information on the State's budget stabilization accounts see Note 11.B. on page112.

Education Growth. Projections indicate that an additional 12,500 new students will enroll in September 2012. Addressing this growth and future enrollment growth and the demands placed on state funding for public education continues to be a top priority for the Governor and the Legislature. The Legislative Fiscal Analyst's Office is developing a Public Education Distribution Model that will allow legislators to see how proposed education policy changes will impact funding.

Medicaid Sustainability. Out of concern for the long-term sustainability of the Medicaid program and in an effort to bring Medicaid growth more in line with overall state revenue growth, the State is implementing reforms. The reforms align financial incentives in the health care system by replacing the fee-for-service model with one or more risk-based delivery models. Any savings from the new risk-based delivery models will be deposited into the newly created "Medicaid Growth Reduction and Budget Stabilization Account." The account will then be used to meet the growing needs in the program.

Federal Funding. In an effort to prepare for potential future reductions in federal funding for critical state programs, Legislators passed a bill that requires certain state agencies including public education and higher education institutions to report specific federal funding information to the Legislature. Annually these entities must report total federal receipts received the preceding fiscal year in addition to providing contingency plans in the event federal receipts are reduced by either 5 percent or 25 percent.

In addition, all federal funds must go through the annual appropriations process. To gain tighter control over federal grants that span several years, the Legislature also requires multiyear grants to go through an approval and summary requirements process, including approval in the annual Appropriations Acts.

Spending Limitation. The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2012, the State was $780.6 million below the appropriations limitation.

Adequate Funding for Ongoing Programs. The Legislature has been working toward ensuring all ongoing programs have adequate ongoing funding. Before the 2012 General Session of the Legislature, the State was facing a structural imbalance of $52 million. A structural imbalance occurs when ongoing programs are funded with one-time revenue. Through revenue growth, the structural imbalance was reduced to zero in the General Fund. A $25 million structural imbalance remained in the Education Fund at the end of fiscal year 2012. It is anticipated that this structural imbalance will be reduced to zero during the 2013 General Session of the Legislature.

Operating/Capital Expenditure Accountability. The Legislature now requires an in-depth budget review carried out by the Legislative Fiscal Analyst's Office on at least one department or major program each year. Beginning in fiscal year 2013, the Analyst's Office will now conduct a five-year fiscal sustainability review focusing on the General and Education funds to help legislators assess the State's budget condition.

MAJOR INITIATIVES

The Utah economy continued to recover during fiscal year 2012. For fiscal year 2013, revenue is projected to grow 4.2 percent. This growth will provide approximately $422 million in new ongoing and one-time collections to address growing needs in education and social services, and other spending priorities for the fiscal year 2013 budget, as described below:

Public Education. During the 2012 General Session, Legislators utilized new revenue and program reallocations to increase funding for public education by approximately $117.3 million, with $83.2 million ongoing and $34.1 million one-time. The Weighted Pupil Unit (WPU), the primary funding mechanism for public education, was increased $24.6 million ongoing. The basic WPU was increased from $2,816 in fiscal year 2012 to $2,842 in fiscal year 2013. The Add-on WPU Value was increased from $2,577 to $2,607, which is used for the Special Education Add-on and Career & Technical Education. Student enrollment growth received an additional $36.2 million in ongoing funding. The Legislature also provided an additional $6.3 million in ongoing funding for pupil transportation to maintain the program at the same level. Ongoing additional funding was also provided for the Voted & Board Leeways program in the amount of $2 million and $1.6 million for educator salary adjustments. From the $34.1 million one-time money, $21.3 was provided to local education agencies. Legislators also provided $7.5 million for an Early Intervention program for students, and $5 million to reimburse classroom teachers for out-of-pocket expenditures.

Higher Education. State funding for higher education increased $55 million for fiscal year 2013. Capital projects received $26.7 million one-time with $22 million allocated to infrastructure, $2.5 million for the Dixie ATC land purchase, and $2.2 million for the Utah Valley University classroom building planning phase. Higher education institutions and the State Board of Regents received $8 million in ongoing funding to improve funding equity between the institutions and for specific priorities at each entity. An equivalent 1 percent employee salary increase was funded with $9.2 million in ongoing funding. The Utah Science Technology and Research (USTAR) initiative received $6 million in funding for research teams. Of this funding, $3 million will be ongoing, and $3 million will be one-time. An additional $5 million in ongoing funding was used to fund an engineering program initiative and to address higher demand for career and technical education.

Social Service Programs. State funds for social service programs in the Departments of Health, Human Services, Workforce Services, and the Office of Rehabilitation increased $61 million ongoing or 7.8 percent between the fiscal year 2012 final budget and fiscal year 2013 initial budget. The increase was largely due to increases in Medicaid caseload costs.

Transportation. The Legislature passed Senate Bill 229, *Transportation Fund Revisions* (2011 General Session), and Senate Bill 225, *Transportation Revisions* (2012 General Session) that in part shift the growth in sales tax, using fiscal year 2011 as the base. Beginning in fiscal year 2013, 30 percent of the growth in the sales tax will be deposited into the Transportation Investment Fund. The increased sales tax collections are estimated to generate $71 million of additional sales tax revenue in fiscal year 2013 for transportation projects.

Other Postemployment Benefit Plans and Employee Compensation. The Legislature appropriated $43.8 million and $37.6 million in fiscal years 2012 and 2013 respectively, for the State Employee Other Postemployment Benefit plan. These appropriations represent a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of twenty-five years. Legislators also passed Senate Bill 156, *Elected Official Retirement Benefits Amendments*, which created a new post-retirement benefits trust fund for elected officials. Legislators passed House Bill 9, *State Agency and Higher Education Compensation Appropriations*, to provide a 1 percent salary increase for state agency employees at a cost of $6.2 million.

AWARDS AND ACKNOWLEDGEMENTS

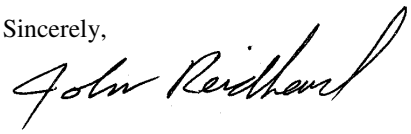
The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the twenty-seventh consecutive year the State has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Division of Finance, Department of Administrative Services. We also express our appreciation to the budget and accounting officers throughout state government and to the Office of the Utah State Auditor for their dedicated efforts in assisting us in the preparation of this report.

Sincerely,



John C. Reidhead, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

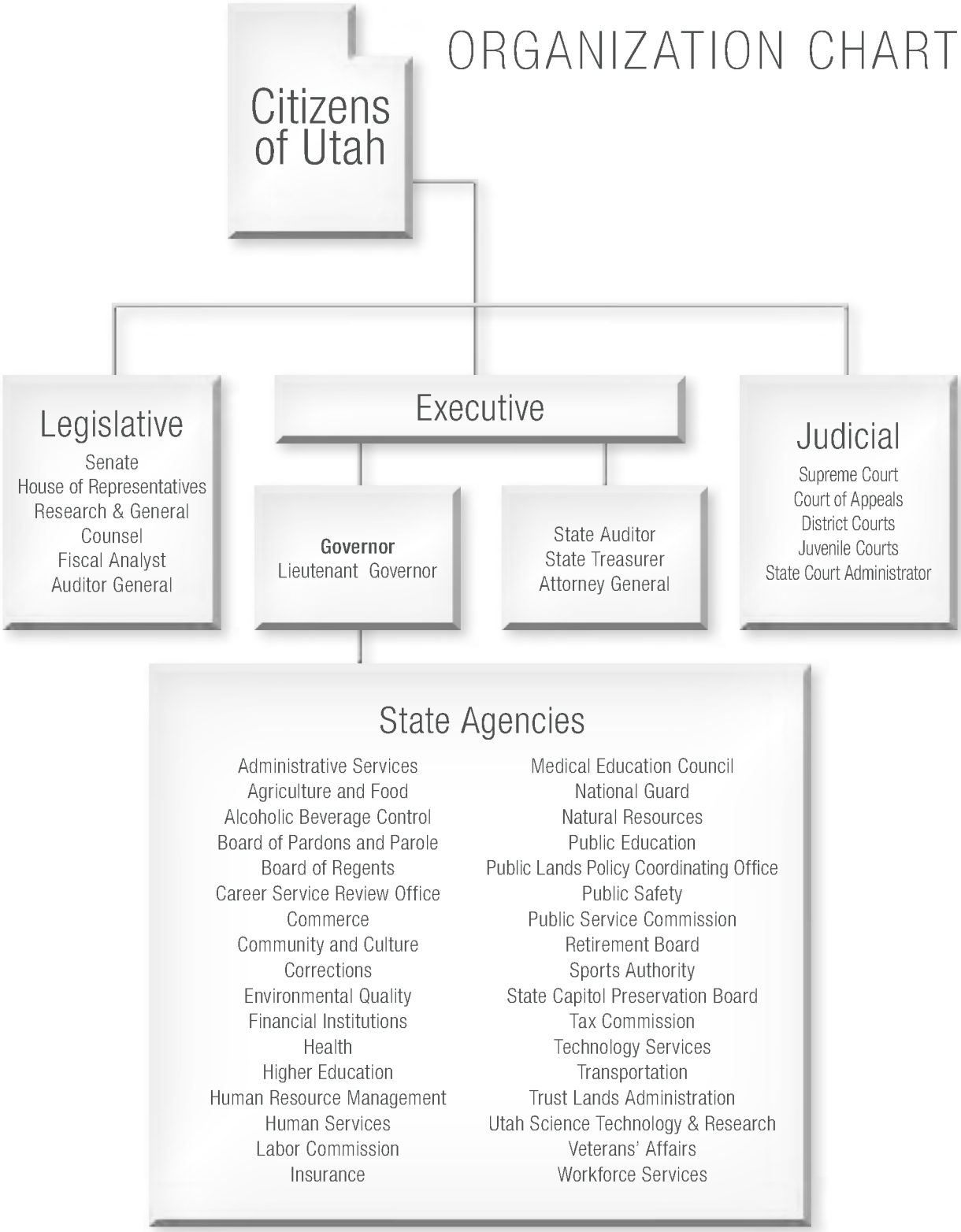
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davidson
President

Jeffrey R. Esser
Executive Director

ORGANIZATION CHART



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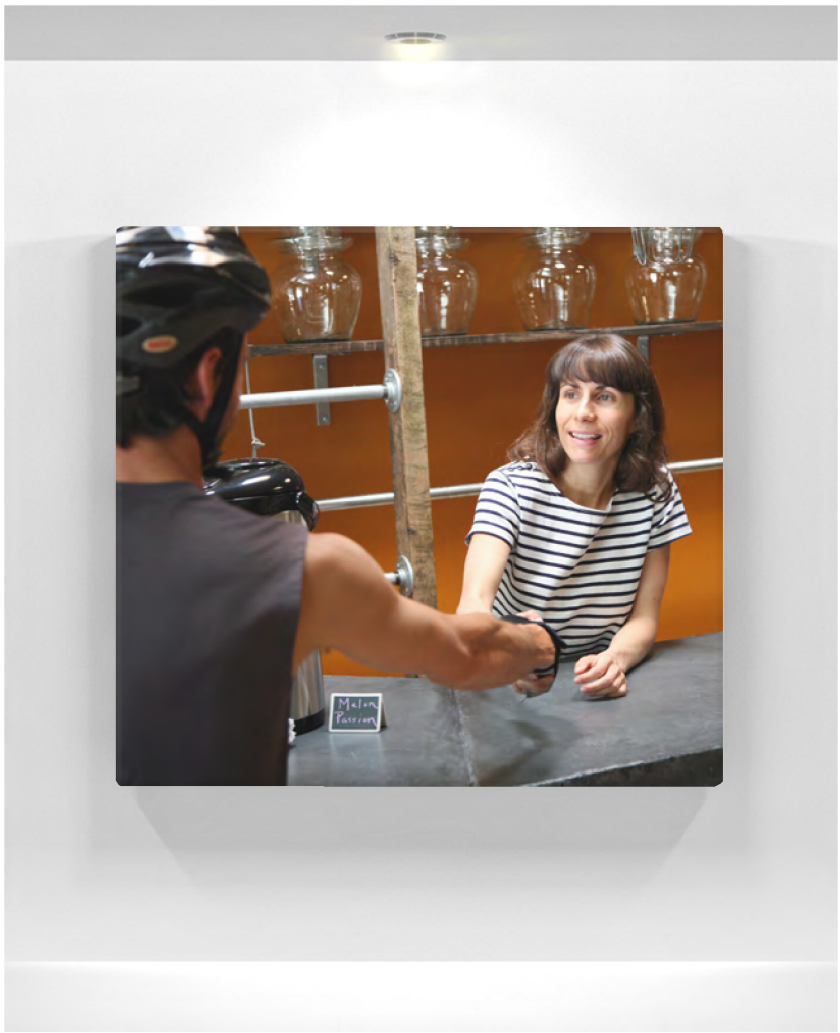

FINANCIAL SECTION

The State's economy thrives from an entrepreneurial spirit. Small businesses play an integral role in Utah's business ecosystem: 98 percent of Utah companies are under 100 employees and account for 56 percent of the jobs.

Tea Grotto

Auston G. Johnson, CPA
UTAH STATE AUDITOR

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Stan Godfrey, CPA
Jon T. Johnson, CPA

INDEPENDENT STATE AUDITOR'S REPORT

To the Members of the Legislature
of the State of Utah and
The Honorable Gary R. Herbert
Governor, State of Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah ("State") as of and for the year ended June 30, 2012, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Utah Housing Corporation, Utah Public Employees Health Program, the University of Utah's hospital and component units, the Utah State University Research Foundation, certain other college and university foundations, the Dairy Commission, and the Utah State Retirement Systems, which represent 34 percent of the assets and 38 percent of the revenues of the aggregate discretely presented component units and 68 percent of the assets and 14 percent of the revenues/additions of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those agencies, funds, and component units, are based on the reports of the other auditors.

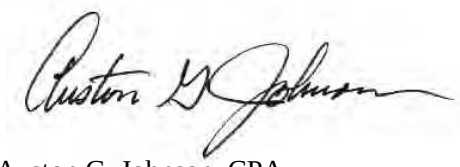
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah as of June 30, 2012, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report, dated October 19, 2012, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the following information ─ management's discussion and analysis on pages 16 through 28, the budgetary comparison schedules on pages 128 through 132, and information about the state's other postemployment benefit plans and about infrastructure assets reported using the modified approach on pages 133 through 136 ─ be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information, such as the combining and individual fund financial statements and schedules on pages 140 through 203, and the other information, such as the introductory and statistical sections on pages 1 through 11 and 208 through 245, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Auston G. Johnson, CPA
Utah State Auditor
October 19, 2012

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and position, providing an overview of the State's activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- Total assets of the State exceeded liabilities by $19 billion (reported as net assets). Of this amount, $2.1 billion (unrestricted net assets) may be used to meet the government's ongoing obligations while $16.9 billion is restricted for specific uses or invested in capital assets.

- The State's total net assets increased by $927.3 million or 5.1 percent over the prior year. Net assets of governmental activities increased by $707 million or 4.5 percent. Net assets of business-type activities increased by $220.3 million or 9.5 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $4.019 billion, an increase of $195.5 million in comparison with the prior year. Approximately 34.9 percent or $1.404 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with an $11.3 million unassigned fund balance. This unassigned fund balance is after a $10.5 million transfer to the General Fund Budget Reserve Account (Rainy Day Fund) and a $5.2 million statutory transfer to the Disaster Recovery Account.

- The Education Fund ended the year with a $35 million surplus after a statutory transfer of $35 million to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund) and the Education Budget Reserve Account, ended the fiscal year with balances of $133 million and $144.4 million, respectively.

- Overall, sales tax revenues in the governmental funds increased by 6.7 percent, compared to a 4.5 percent increase in the prior year. Combined tax revenues were 1 percent lower than the prior year in the General Fund due to an increase in sales and use tax collections statutorily diverted for highway projects. Combined tax revenues were 9.3 percent higher than the prior year in the Education Fund due to an improving economy.

Long-term Debt

- The State's long-term bonded debt increased a net $110.8 million or 2.3 percent. General obligation bonds for the primary government increased $404 million or 12.4 percent, while revenue bonds for the primary government decreased $293.2 million or 18 percent. The new debt issued was used to fund highway and capital facility construction and advance refund certain student loan bonds to take advantage of lower interest rates.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Statements — Reporting the State as a Whole

The Statement of Net Assets and the Statement of Activities beginning on page 31 together comprise the *government-wide financial statements*. These statements provide a broad overview of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless

of when cash is received or spent, and all assets and liabilities, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's *net assets* – the difference between total assets and total liabilities – and how they have changed from the prior year. Over time, increases and decreases in net assets measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

Governmental Activities – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

Business-type Activities – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water project loan programs, and liquor sales are examples of business-type activities.

Component Units – A number of entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Housing Corporation, and Utah State Fair Corporation are examples of component units.

Fund Financial Statements — Reporting the State's Most Significant Funds

The fund financial statements beginning on page 36 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach.

Governmental Funds – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at yearend that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

Proprietary Funds – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector companies. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water project loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities.* Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

Fiduciary Funds – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting, but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules on pages 38 and 42 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full-accrual accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual accounting, short-term focus). The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred revenue on the governmental fund statements.

Notes to the Financial Statements
The notes beginning on page 62 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plans. RSI further supports the information in the basic financial statements.

Supplementary Information
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor proprietary and fiduciary funds and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriations Acts*.

Adjustments to Beginning Net Assets
As described in Note 2 of the financial statements on page 70, capital asset adjustments resulted in a $56 million decrease to beginning net assets of governmental activities reported on the government-wide Statement of Activities. To enhance comparability, all amounts presented for governmental activities for fiscal year 2011 in this discussion and analysis were revised, where applicable, to reflect these changes as if they had been made in the prior year.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets
The State's total net assets increased $927.3 million or 5.1 percent in fiscal year 2012. In comparison, net assets in the prior year increased $984.1 million or 5.7 percent. This increase in total net assets reflects a slow, but recovering economy and the active management of the State's resources. The change in net assets is comprised of the following:

- *Invested in Capital Assets* – Total invested in capital assets net of related debt increased $415.8 million or 3.4 percent as the State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.
- *Restricted Net Assets* – Total restricted net assets increased $414.6 million or 11.4 percent over the prior year:
  Restricted net assets of governmental activities increased $263.5 million or 11.3 percent. The increase was primarily due to a $134.9 million increase in expendable public education net assets as a result of increased individual and corporate income tax revenues. Nonexpendable public education net assets also increased $81.1 million or 6 percent due to revenues generated from land use and sale of trust lands in the Permanent Trust Lands Fund.
  Restricted net assets of business-type activities increased by $151.1 million or 11.5 percent, primarily due to a $121.2 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims. Various loan programs provided an additional $32.6 million in loan capital from federal grants and investment income.
- *Unrestricted Net Assets* – Total unrestricted net assets in governmental activities increased $28.2 million or 2.7 percent due to an increase in carry-forward balances in the General Fund. Total unrestricted net assets in business-type activities increased by $68.7 million or 7 percent as the State provided additional capital for various loan programs from mineral lease and dedicated sales tax revenues.

(Table on next page)

State of Utah
Net Assets as of June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Current and Other Assets	$ 5,605,005	$ 5,300,912	$ 4,210,974	$ 4,331,268	$ 9,815,979	$ 9,632,180
Capital Assets	16,224,684	15,307,229	99,211	100,706	16,323,895	15,407,935
Total Assets	**21,829,689**	**20,608,141**	**4,310,185**	**4,431,974**	**26,139,874**	**25,040,115**
Current and Other Liabilities	1,197,233	1,072,670	78,177	41,973	1,275,410	1,114,643
Long-term Liabilities	4,173,998	3,784,059	1,702,439	2,080,722	5,876,437	5,864,781
Total Liabilities	**5,371,231**	**4,856,729**	**1,780,616**	**2,122,695**	**7,151,847**	**6,979,424**
Net Assets:						
Invested in Capital Assets, Net of Related Debt	12,773,959	12,358,579	13,293	12,862	12,787,252	12,371,441
Restricted	2,601,082	2,337,607	1,463,006	1,311,865	4,064,088	3,649,472
Unrestricted	1,083,417	1,055,226	1,053,270	984,552	2,136,687	2,039,778
Total Net Assets	**$ 16,458,458**	**$ 15,751,412**	**$ 2,529,569**	**$ 2,309,279**	**$ 18,988,027**	**$ 18,060,691**
Percent change in total net assets from prior year	4.5 %		9.5 %		5.1 %	

The largest component of the State's net assets, 67.3 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net assets comprise 21.4 percent of total net assets and are subject to constitutional, legal, or external constraints on how they can be used. Net assets that are restricted by the *Constitution of Utah* include individual income and corporate income taxes that can be used only for public and higher education costs and motor fuel taxes that can be used only for transportation expenses.

The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations, though certain laws and internally imposed commitments or assignments of resources further limit the purposes for which many of those net assets may be used.

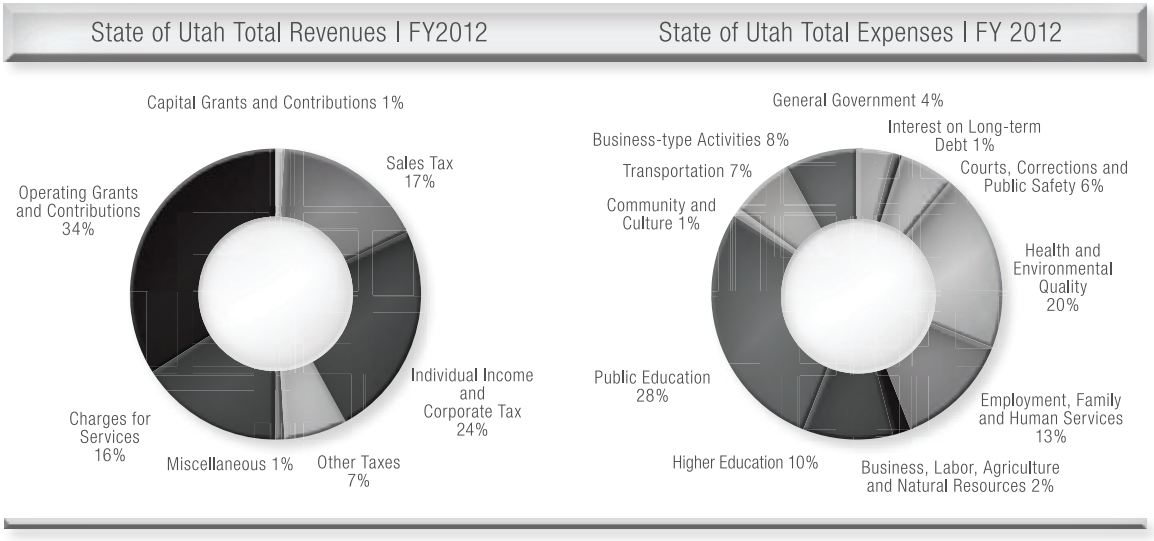
The following schedule and charts summarize the State's total revenues, expenses, and changes in net assets for fiscal year 2012:

(Table on next page)

State of Utah
Changes in Net Assets
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011 to 2012
Revenues							
General Revenues:							
Taxes	$ 5,507,329	$ 5,175,972	$ 24,264	$ 21,819	$ 5,531,593	$ 5,197,791	6.4 %
Other General Revenues	84,609	62,610	3,547	4,290	88,156	66,900	31.8 %
Program Revenues:							
Charges for Services	1,159,972	958,077	778,316	686,435	1,938,288	1,644,512	17.9 %
Operating Grants and Contributions	3,704,709	4,079,907	276,762	421,016	3,981,471	4,500,923	(11.5)%
Capital Grants and Contributions	157,564	109,669	—	—	157,564	109,669	43.7 %
Total Revenues	**10,614,183**	**10,386,235**	**1,082,889**	**1,133,560**	**11,697,072**	**11,519,795**	1.5 %
Expenses							
General Government	418,346	402,543	—	—	418,346	402,543	3.9 %
Human Services/Juvenile Justice Services	646,565	648,456	—	—	646,565	648,456	(0.3)%
Corrections	249,569	243,616	—	—	249,569	243,616	2.4 %
Public Safety	241,101	204,627	—	—	241,101	204,627	17.8 %
Courts	123,405	123,604	—	—	123,405	123,604	(0.2)%
Health and Environmental Quality	2,148,195	2,001,233	—	—	2,148,195	2,001,233	7.3 %
Higher Education	1,115,301	828,660	—	—	1,115,301	828,660	34.6 %
Employment and Family Services	712,388	707,019	—	—	712,388	707,019	0.8 %
Natural Resources	157,145	187,164	—	—	157,145	187,164	(16.0)%
Community and Culture	154,759	159,755	—	—	154,759	159,755	(3.1)%
Business, Labor, and Agriculture	100,385	94,397	—	—	100,385	94,397	6.3 %
Public Education	3,000,117	3,058,046	—	—	3,000,117	3,058,046	(1.9)%
Transportation	761,760	772,243	—	—	761,760	772,243	(1.4)%
Interest and Charges on Long-term Debt	121,192	104,887	—	—	121,192	104,887	15.5 %
Student Assistance Programs	—	—	111,662	93,422	111,662	93,422	19.5 %
Unemployment Compensation	—	—	436,880	642,023	436,880	642,023	(32.0)%
Water Loan Programs	—	—	19,045	38,069	19,045	38,069	(50.0)%
Community and Economic Loan Programs	—	—	2,604	1,770	2,604	1,770	47.1 %
Liquor Retail Sales	—	—	201,976	190,373	201,976	190,373	6.1 %
Other Business-type Activities	—	—	47,341	33,796	47,341	33,796	40.1 %
Total Expenses	**9,950,228**	**9,536,250**	**819,508**	**999,453**	**10,769,736**	**10,535,703**	2.2 %
Excess (deficit) Before Transfers	663,955	849,985	263,381	134,107	927,336	984,092	
Transfers	43,091	47,431	(43,091)	(47,431)	—	—	
Prior Period Adjustments and Restatements	—	(56,010)	—	—	—	(56,010)	
Change in Net Assets	**707,046**	**841,406**	**220,290**	**86,676**	**927,336**	**928,082**	
Net Assets – Beginning as Adjusted	15,751,412	14,910,006	2,309,279	2,222,603	18,060,691	17,132,609	
Net Assets – Ending	**$ 16,458,458**	**$ 15,751,412**	**$ 2,529,569**	**$ 2,309,279**	**$ 18,988,027**	**$ 18,060,691**	5.1 %

(*Charts on next page*.)


State of Utah Total Revenues | FY2012
Capital Grants and Contributions 1%
Sales Tax 17%
Operating Grants and Contributions 34%
Individual Income and Corporate Tax 24%
Charges for Services 16%
Miscellaneous 1%
Other Taxes 7%
State of Utah Total Expenses | FY 2012
General Government 4%
Interest on Long-term Debt 1%
Business-type Activities 8%
Courts, Corrections and Public Safety 6%
Transportation 7%
Community and Culture 1%
Health and Environmental Quality 20%
Public Education 28%
Employment, Family and Human Services 13%
Higher Education 10%
Business, Labor, Agriculture and Natural Resources 2%

Changes in Net Assets

This year the State received 47.3 percent of its revenues from state taxes and 35.4 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 45.1 percent and grants and contributions were 40 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 17.3 percent of total revenues in fiscal year 2012, compared to 14.9 percent in fiscal year 2011.

Governmental Activities

The State's total governmental revenues from all sources increased $227.9 million or 2.2 percent. Tax revenues increased $331.4 million or 6.4 percent. This increase in taxes reflects a recovering economy and is similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of Higher Education as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds" on page 22.

Expenses for Higher Education increased by $286.6 million or 34.6 percent compared to the prior year due to an increase in the amount spent for building projects completed and transferred to colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However, there is no impact on the governmental fund statements.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2012, program revenues covered $5.022 billion, or 50.5 percent of $9.95 billion total program expenses. For the remaining $4.9 billion or 49.5 percent of program expenses, the State relied on state taxes and other general revenues.

(*Table on next page.*)

State of Utah
Net Cost of Governmental Activities
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Program Expenses 2012	Less Program Revenues 2012	Net Program (Expenses) / Revenues 2012	Net Program (Expenses) / Revenues 2011	Program Revenues as a Percentage of Program Expenses 2012	Program Revenues as a Percentage of Program Expenses 2011
General Government	$ 418,346	$ 446,298	$ 27,952	$ (22,497)	106.7 %	94.4 %
Human Services/Juvenile Justice Services	646,565	280,790	(365,775)	(357,798)	43.4 %	44.8 %
Corrections	249,569	5,512	(244,057)	(236,685)	2.2 %	2.8 %
Public Safety	241,101	145,290	(95,811)	(81,049)	60.3 %	60.4 %
Courts	123,405	57,860	(65,545)	(63,974)	46.9 %	48.2 %
Health and Environmental Quality	2,148,195	1,717,164	(431,031)	(329,713)	79.9 %	83.5 %
Higher Education	1,115,301	1,780	(1,113,521)	(788,856)	0.2 %	4.8 %
Employment and Family Services	712,388	645,815	(66,573)	(57,230)	90.7 %	91.9 %
Natural Resources	157,145	115,701	(41,444)	(48,444)	73.6 %	74.1 %
Community and Culture	154,759	56,078	(98,681)	(80,057)	36.2 %	49.9 %
Business, Labor, and Agriculture	100,385	95,948	(4,437)	(16,606)	95.6 %	82.4 %
Public Education	3,000,117	632,617	(2,367,500)	(2,070,956)	21.1 %	32.3 %
Transportation	761,760	821,392	59,632	(129,845)	107.8 %	83.2 %
Interest and Charges on Long-term Debt	121,192	—	(121,192)	(104,887)	0.0 %	0.0 %
Total Governmental Activities	**$ 9,950,228**	**$ 5,022,245**	**$ (4,927,983)**	**$ (4,388,597)**	50.5 %	54.0 %

Business-type Activities
Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds" on page 25. Revenues from the State's business-type activities decreased $50.7 million or 4.5 percent from the prior year. This was primarily due to decreases in operating grants, $138.4 million in the Unemployment Compensation Fund, and $19.6 million in the Water Loan Programs. These decreases were offset by $83.7 million increase in charges for services in the Unemployment Compensation Fund and an $11.1 million increase in operating grants in the Federal Health Insurance Pool. Total expenses for the State's business-type activities decreased $179.9 million or 18 percent. This decrease is reflected primarily in the Unemployment Compensation Fund and the Water Loan Programs, offset by small increases in various other business-type activities.

All of the State's business-type activities operate from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales tax revenues and the Community Impact Loan Fund that receives federal mineral lease revenues to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales tax revenues in the water and agriculture loan programs.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances
At June 30, 2012, the State's governmental funds reported combined ending fund balances of $4.019 billion. Of this amount, $1.486 billion or 37 percent is nonspendable, either due to its form or legal constraints, and $1.129 billion or 28.1 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional $1.121 billion or 27.9 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional $271.1 million or 6.8 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $11.3 million or 0.3 percent of fund balance is unassigned and available for appropriations.

State of Utah
Governmental Fund Balances as of June 30, 2012
(Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 37,649	$ —	$ 11,583	$ —	$ 1,436,623	$ —	$ 1,485,855
Restricted	39,745	629,696	162,767	210,080	—	86,487	1,128,775
Committed	489,487	—	42,022	414,709	—	175,252	1,121,470
Assigned	159,082	—	5,070	—	—	106,945	271,097
Unassigned	11,342	—	—	—	—	—	11,342
Total	**$ 737,305**	**$ 629,696**	**$ 221,442**	**$ 624,789**	**$ 1,436,623**	**$ 368,684**	**$ 4,018,539**
Percent change from prior year	5.3 %	25.8 %	(5.9)%	6.2 %	6.0 %	(16.8)%	5.1 %

General Fund

During fiscal year 2012, the General Fund's total fund balance increased by $37 million or 5.3 percent. The increase was primarily due to growth in revenue and managing expenditures by reallocating base budget resources, and utilizing one-time money from various state accounts. The General Fund ended the year with an $11.3 million surplus, or unassigned fund balance, compared to a $609 thousand surplus in the prior year.

Specific changes in the General Fund balance included the following:

- Nonspendable fund balance increased by $27 million or 252.8 percent due to $23.5 million in prepaid items reported in the current year compared to none in the prior year, and a $13.5 million increase in the long-term portion of revolving loans within Internal Service Funds.
- Restricted fund balance increased by $8.2 million or 26.1 percent due to increases in revenues set aside for specific purposes.
- Committed fund balance increased by $43.9 million or 9.9 percent, primarily due to a $29.8 million increase in agency carry-forward monies and a $14.1 million increase in monies set aside for committed purposes. Of the $14.1 million increase in committed fund balance, $5.2 million was a yearend statutory transfer to the Disaster Recovery Account, and $10.5 million was a yearend transfer to the General Fund Budget Reserve Account (Rainy Day Fund), a stabilization account within the General fund. In the event of a "revenue surplus," State law requires 25 percent of the surplus to be transferred to the General Fund Budget Reserve Account, plus an additional 25 percent to repay prior year transfers out of the fund. A "revenue surplus" is defined in statute and results when general revenues exceed the final adopted revenue budgets. The General Fund Budget Reserve Account ended the year with a balance of $133 million.
- Assigned fund balance decreased $52.9 million due, in part, to an $18.7 million decrease in the amount set aside for the next year's budget, and a $2 million decrease in tax accruals assigned by law. Assigned fund balance also decreased due to $23.5 million in prepaid items identified and classified as nonspendable fund balance. Miscellaneous changes resulting from other assigned sources account for the remaining change in assigned fund balance.

Total tax collections in the General Fund decreased $19.9 million or 1 percent. Overall, sales tax revenue in governmental funds increased 6.7 percent; however, General Fund sales tax revenue decreased $32.6 million or 2 percent, due to an increased statutory sales tax diversion for highway projects. See section entitled "Transportation Investment Fund" on page 25. This decrease in sales tax revenue was partially offset by miscellaneous increases in other tax revenues.

Total non-tax revenues increased $34.4 million or 1 percent as follows: Charges for services increased $63 million or 19 percent, driven by demand for government services. Federal mineral lease revenue increased by $47.8 million or 35.1 percent as a result of higher energy prices and an increase in production. Miscellaneous and other revenue increased $20.8 million or 11 percent primarily due to a $21.9 million payment the State received from a national mortgage foreclosure fraud settlement. The increases in revenues were partially offset by a $90.3 million decrease in federal contracts and grants, which was primarily a reduction in federal funding from the American Recovery and Reinvestment Act (ARRA).

Overall, total General Fund expenditures increased by $147.2 million or 2.7 percent as the State responded to an improving economy and an increase in the public's demand for some government services. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures increased $136.3 million. This was primarily due to a $100.4 million increase in the Medicaid program. Supplemental payments increased by $66.5 million to service providers. In addition, Medicaid program costs increased by approximately $34 million as a result of a 6.1 percent increase in enrollment. The balance of the increase in expenditures was due to the timing of federal revenue received and accrued at yearend.
- *General Government* – Total expenditures increased $36.1 million. This increase was due, in part, to the creation of the Office of Energy Development within the Governor's Office, which increased expenditures by $16.4 million. Other increases in programs occurred in the following: Economic Development Administration, $4.5 million; Development Zone Rebate program, $5 million; Jail Reimbursement program, $5 million; and Attorney General's Contract Attorneys program, $4.9 million.
- *Public Safety* – Total expenditures increased $21.3 million primarily due to a $12.5 million increase for armory maintenance, a $5.8 million increase in funding provided for Emergency Services and Homeland Security Program, and $3.8 million provided for state veterans' cemeteries.
- *Natural Resources* – Total expenditures decreased $35.3 million, in part, because the State Energy Program was moved to the newly created Office of Energy Development within the Governor's Office, as described above. This program had $23.8 million in expenditures in the prior year. Net budget reductions accounted for the balance of $11.5 million.
- *Community and Culture* – Total expenditures decreased $13.7 million due to net budget reductions.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2012 budget during the 2011 General Session (January to March 2011). The original revenue estimates in the General Fund budget at the start of fiscal year 2012, excluding department-specific revenue sources such as federal grants and departmental collections, and including miscellaneous transfers, were 2.2 percent lower than the final fiscal year 2011 budget. The decrease was primarily due to the increased diversion of sales tax revenues previously explained. Budgeted expenditures were 1.1 percent lower than the final fiscal year 2011 budget. The Governor and Legislature were able to balance the original fiscal year 2012 budget by using targeted budget cuts, reallocating base budget and carry-over resources, and utilizing one-time money from various state accounts.

The fiscal year 2012 budget was again addressed during the 2012 General Session of the Legislature (January to March 2012). General revenue estimates had increased $85.7 million from the original estimates adopted in the 2011 General Session, due to projected increases in sales tax, cigarette and tobacco taxes, and miscellaneous other revenues. The increased revenue estimates and reallocated base budget resources allowed the Legislature to set aside $39.9 million for fiscal year 2013 appropriations. In the end, taxes and other unrestricted revenues ended the year $3.3 million above final budgeted amounts.

Final budgets of department-specific revenue sources decreased from original budgets due to a decrease in federal contracts and grants. Actual department-specific revenues increased from final budgets due to an increase in departmental collections and federal mineral lease revenue. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, $2.2 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Education Fund

Restricted fund balance in the Education Fund increased by $129.3 million or 25.8 percent from the prior year as revenues exceeded expenditures and transfers out. Tax accruals restricted by law for education increased by $53.2 million. The amount unspent and carried forward for education increased by $37.7 million. Amounts set aside for fiscal year 2013 appropriations increased by $23.5 million.

In addition, the Education Fund ended the year with a $35 million "revenue surplus" after a statutory transfer to the Education Fund Budget Reserve Account, a budget stabilization account. In the event of a "revenue surplus" in the Education Fund, state law requires 25 percent of the surplus to be transferred to the Education Fund Budget Reserve Account, plus an additional 25 percent to repay prior year transfers out of the fund. At the 2012 fiscal yearend, $35 million was transferred to the Education Fund Budget Reserve Account. The account ended the fiscal year with a balance of $144.4 million.

Overall, total revenue in the Education Fund increased by $97.9 million or 2.9 percent. Individual income tax increased by $185.8 million or 8 percent and corporate income taxes increased $54.7 million or 23.7 percent. These increases are primarily due to an improving economy, but also due to the timing of tax revenue received and accrued at yearend. These increases were offset by a $144 million or 21.5 percent decrease in federal contracts and grants, primarily from a $42.3 million decrease in federal funding

provided by ARRA. The balance of the decrease was in non-ARRA federal funding. Expenditures decreased by $59.9 million or 2 percent in the Education Fund, primarily from ARRA.

Transportation Fund
Total fund balance in the Transportation Fund decreased $14 million or 5.9 percent from the prior year. Restricted fund balance decreased by $22 million or 11.9 percent due to a decrease in unspent balances of restricted fees. Committed fund balance increased $3.6 million or 9.3 percent due to an increase in unspent sales and use tax collections for highway projects. Assigned fund balance increased by $3.4 million due to an increase in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory increased by $1.1 million or 10.1 percent.

Overall, transportation revenues increased by $121.7 million or 11.9 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Federal contracts and grants increased by $161.3 million or 55.1 percent due to an increase in federal highway participating projects.
- Sales and use tax revenues statutorily designated for transportation projects increased $5.6 million or 8.8 percent.
- Federal aeronautics revenue decreased $28.1 million or 55.1 percent due to a decrease in federal aviation funding, which fluctuates based on the timing of projects.
- Miscellaneous and other revenues decreased $21 million or 23.9 percent primarily due to $38 million in one-time donations for highway projects received in the prior year. This decrease was offset by a $15.7 million increase in revenue received from cooperative agreements with local governments for construction projects.

Expenditures for the Transportation Fund increased by $88.8 million or 8.9 percent due to increased spending on federal participating highway projects, as noted above. Other financing sources decreased by $53.6 million, primarily because transfers in decreased by $47.6 million.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or existing weather conditions. In addition, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund and Transportation Investment Fund.

Transportation Investment Fund
Fund balance in the Transportation Investment Fund increased by $36.5 million or 6.2 percent from the prior year. Restricted fund balance decreased $203.7 million or 49.2 percent as general obligation bond proceeds were used for highway projects. Committed fund balance increased $240.1 million or 137.5 percent due to unspent sales tax revenue at yearend.

Revenues increased $214.3 million or 109.1 percent due to a $149 million increase in sales and use tax revenues statutorily diverted from the general fund for highway projects, and a $65 million increase in miscellaneous and other revenue as a result of a cooperative agreement with a county for construction projects. Other financing sources decreased by $356.6 million or 45.4 percent, primarily due to a $392.2 million decrease in general obligation bond proceeds compared to the prior year. This decrease was offset by a $46.6 million increase in premiums on issued bonds. Bonds issued in fiscal year 2012 were not Build America Bonds, like in the prior year, and therefore were issued at a premium. Expenditures decreased by $176.9 million or 18 percent from the prior year as a result of decreased spending on highway construction projects.

Trust Lands Fund
The fund balance of the permanent Trust Lands Fund increased by $81.1 million or 6 percent due to revenue generated from land use and sales of trust lands. The permanent fund also generated $29.4 million of cash investment earnings that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity (nonspendable), with earnings restricted primarily to support public education.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs
The net assets of the Student Assistance Programs increased by $5 million or 1.3 percent. This increase in net assets can be explained by changes in total assets and liabilities. Total assets decreased by $328.6 million; however, total liabilities also decreased $333.6 million resulting in an increase in net assets. These changes were due to refunding of certain bonds causing a decrease in investments

and revenue bonds payable. In addition, there was a significant decrease in student loans receivable as a result of the discontinuation of the Federal Family Education Loan Program (FFELP). Contracts and notes payable also decreased. Of total net assets of $386.4 million, $319.7 million is restricted for use within the programs by bond covenants or federal law.

Unemployment Compensation Fund
The State's average unemployment rate for fiscal year 2012 decreased from the prior year. Federal grant revenue decreased $136.1 million as ARRA funding ended. The decline in federal grant revenue was offset by an increase in employer tax revenue of $83.7 million due to increased rates. Expenditures decreased $205.1 million or 32 percent due to an improving economy, fewer claims paid, and an end to ARRA-funded extended benefit programs. For the first time since fiscal year 2008, employer taxes and other revenues exceeded benefit payments resulting in the increase of net assets of $121.2 million or 30.3 percent. The entire balance of net assets of $521.2 million is restricted for paying unemployment benefits by state and federal law.

Water Loan Programs
The net assets of the Water Loan Programs increased $33.9 million or 4.4 percent from the prior year. Additional capital for loans was provided from $23.7 million in dedicated sales tax revenues, $18.7 million in federal grants, and $13.1 million interest on loans. These increases were offset by program grant expenses of $14.6 million, interest expense of $2.1 million, and other operating expenses of $2.4 million. Of total net assets of $809.7 million, $382.1 million is restricted for use within the Water Loan Programs by federal grant requirements and $163.1 million is restricted as pledged receivables for outstanding revenue bonds.

Community Impact Loan Fund
The net assets of the Community Impact Loan Fund increased $55.1 million or 10 percent from the prior year, primarily due to transfers into the fund of $40.9 million from federal mineral lease revenues to provide capital for loans, $6.2 million from interest on notes and mortgages, $4.3 million from federal contracts and grants revenue, and $1.5 million from investment income. There is no restriction on fund net assets.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets
The State's capital assets increased a net $916 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $312.6 million; land and related assets of $84.8 million; machinery and equipment of $6 million; and in construction in progress of $537.9 million. Buildings and Improvements decreased a net $24.2 million during the year and software decreased $1.1 million during the year. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net assets. As of June 30, 2012, the State had $253.1 million of outstanding debt related to capital assets of component units**.**

At June 30, 2012, the State had commitments in capital projects funds of $242.3 million for building projects and $275.5 million for highway construction and improvement projects. The State also had commitments of $331.3 million for road construction and other contract commitments in the Transportation Fund. Funding for the commitments will come from existing resources in these funds and funding from future appropriations and bond proceeds.

The State has adopted an allowable alternative to reporting depreciation for state roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for state roads is to maintain a certain percentage of mileage at a "fair" or better condition. The Interstate system has a target of 95 percent rated as "fair" or better, Level 1 roads (over 2,000 Average Daily Traffic) at 90 percent, and Level 2 roads (under 2,000 Average Daily Annual Traffic) at 80 percent. The most recent condition assessment completed in 2011 (calendar year basis), indicated that 98.3 percent of Interstate, 93.2 percent of Level 1 and 82.7 percent of Level 2 roads were in "fair" or better condition. These results reflect an improvement in conditions compared to calendar year 2010, when 97.9 percent of Interstate, 92.1 percent of Level 1 and 82.1 percent of Level 2 roads were assessed as "fair" or better condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2012, indicated that 71.6 percent and 1

percent of bridges were in "good" and "poor" condition, respectively. These results reflect a slight change in conditions from 2011 when 72 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2012, the State spent $437 million to maintain and preserve roads and bridges. This amount is 81 percent above the estimated amount of $241 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 94, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 135 and 136.

Long-term Debt

The *Constitution of Utah* authorizes issuing general obligation debt only as approved by the Legislature. The *Constitution* also limits the total general obligation indebtedness of the State to an amount equal to 1.5 percent of the value of the total taxable property of the State. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2012, the State was $462 million below the debt limit established in the *Constitution* and $836.9 million below the statutory debt limit.

Revenue bonds of the State Building Ownership Authority are not backed by the general taxing authority of the State, but are payable from revenue provided through appropriations of the Legislature or other operating revenues. Revenue bonds of the Student Assistance Programs and Water Loan Programs are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

State of Utah
Net Outstanding Bonded Debt as of June 30
(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2011 to 2012
General Obligation Bonds	$ 3,660.1	$ 3,256.1	$ —	$ —	$ 3,660.1	$ 3,256.1	12.4 %
Revenue Bonds:							
State Building Ownership Auth.	212.7	223.3	90.1	94.8	302.8	318.1	(4.8)%
Student Assistance Programs	—	—	969.6	1,242.6	969.6	1,242.6	(22.0)%
Water Loan Progams	—	—	62.4	67.3	62.4	67.3	(7.3)%
Total Bonds Payable	**$ 3,872.8**	**$ 3,479.4**	**$ 1,122.1**	**$ 1,404.7**	**$ 4,994.9**	**$ 4,884.1**	2.3 %

Total general obligation bonds payable net of premiums, discounts, and deferred amounts on refunding increased $404 million (offset by a $293.2 million reduction in revenue bonds payable for an overall net increase of $110.8 million during the fiscal year.) The State issued $609.9 million of general obligation bonds during the fiscal year as the State sought to take advantage of lower interest rates to fund highway projects and capital facility projects. Of the general obligation bonds issued, $563 million was for highway construction and $46.9 million was for capital facility construction. In addition, the State issued a total of $553.1 million of revenue bonds. Of the revenue bonds issued, $5.3 million was for capital facility construction, and $547.8 million was used to advance refund certain outstanding student loan revenue bonds in the Student Assistance Programs.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 97 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund for fiscal year 2013 are 0.4 percent higher than actual fiscal year 2012 revenues. Original estimates of the Education Fund for fiscal year 2013 are 3.8 percent higher than actual fiscal year 2012 revenues. The Legislature balanced the 2013 budget through increased projected revenue collections, targeted budget cuts, and improved efficiency of agency operations.

Preliminary data for fiscal year 2013 show tax revenues to be in line with the estimates. The overall unemployment rate is expected to be 5.9 percent in 2012, down from the average 2011 rate of 6.7 percent. Taxable retail sales are expected to increase 6.7 percent in 2012 and increase 6.4 percent in 2013. Personal income is expected to increase 5.3 percent in 2012, and 5.5 percent in 2013. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2013. The Governor and Legislature will review the fiscal year 2013 budget again during the upcoming 2013 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at (801) 538-3082 or visit our Web site at: www.finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements that include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Office of the Utah State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114.

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BASIC FINANCIAL STATEMENTS

Top research institutions and unprecedented public/private partnerships have resulted in nation-leading university technology commercialization and one of the nation's most concentrated and continuously vital economic clusters — Utah's life sciences sector.

Domain Surgical

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Statement of Net Assets

June 30, 2012 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,371,937	$ 885,463	$ 2,257,400	$ 837,874
Investments	933,075	40,611	973,686	2,452,852
Taxes Receivable, net	855,641	2,469	858,110	—
Accounts and Interest Receivable, net	768,705	192,964	961,669	502,100
Amounts Due From:				
Component Units	46,444	—	46,444	—
Primary Government	—	—	—	805
Prepaid Items	28,180	3,488	31,668	19,621
Inventories	18,145	30,750	48,895	64,221
Internal Balances	3,564	(3,564)	—	—
Restricted Investments	1,355,814	191,251	1,547,065	764,153
Deferred Charges	11,434	17,579	29,013	139,636
Notes/Loans/Mortgages/Pledges Receivable, net	30,609	2,709,058	2,739,667	1,073,747
Capital Lease Payments Receivable, net	102,540	—	102,540	—
Pledged Loans Receivables	—	140,905	140,905	—
Other Assets	78,917	—	78,917	67,722
Capital Assets:				
Land and Other Non-depreciable Assets	1,625,096	22,755	1,647,851	251,210
Infrastructure	11,196,018	—	11,196,018	—
Construction in Progress	1,961,725	—	1,961,725	296,445
Buildings, Equipment, and Other Depreciable Assets	2,523,177	108,982	2,632,159	6,376,959
Less Accumulated Depreciation	(1,081,332)	(32,526)	(1,113,858)	(2,725,392)
Total Capital Assets	16,224,684	99,211	16,323,895	4,199,222
Total Assets	21,829,689	4,310,185	26,139,874	10,121,953
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,010,913	33,056	1,043,969	410,199
Amounts Due to:				
Component Units	798	7	805	—
Primary Government	—	—	—	46,444
Securities Lending	—	—	—	28,619
Unearned Revenue	185,522	44,962	230,484	113,983
Deposits	—	152	152	93,295
Long-term Liabilities (Note 10)				
Due Within One Year	471,968	47,477	519,445	252,958
Due in More Than One Year	3,702,030	1,654,962	5,356,992	2,336,396
Total Liabilities	5,371,231	1,780,616	7,151,847	3,281,894
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	12,773,959	13,293	12,787,252	3,180,106
Restricted for:				
Transportation	151,477	—	151,477	—
Public Education – Expendable	863,393	—	863,393	—
Public Education – Nonexpendable	1,436,623	—	1,436,623	—
Higher Education – Expendable	—	—	—	943,505
Higher Education – Nonexpendable	—	—	—	637,364
Capital Projects	65,939	—	65,939	—
Debt Service	511	163,148	163,659	162,729
Unemployment Compensation and Insurance Programs	6,526	521,243	527,769	179,526
Loan Programs	—	778,615	778,615	—
Other Purposes – Expendable	76,613	—	76,613	769
Unrestricted	1,083,417	1,053,270	2,136,687	1,736,060
Total Net Assets	$ 16,458,458	$ 2,529,569	$ 18,988,027	$ 6,840,059

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 418,346	$ 178,354	$ 267,926	$ 18
Human Services and Juvenile Justice Services	646,565	11,905	268,885	—
Corrections	249,569	4,715	797	—
Public Safety	241,101	57,257	88,033	—
Courts	123,405	56,148	1,712	—
Health and Environmental Quality	2,148,195	230,318	1,486,846	—
Higher Education	1,115,301	194	1,586	—
Employment and Family Services	712,388	11,802	634,013	—
Natural Resources	157,145	79,577	36,124	—
Community and Culture	154,759	3,148	52,930	—
Business, Labor, and Agriculture	100,385	83,758	12,190	—
Public Education	3,000,117	80,425	552,192	—
Transportation	761,760	362,371	301,475	157,546
Interest and Other Charges on Long-term Debt	121,192	—	—	—
Total Governmental Activities	9,950,228	1,159,972	3,704,709	157,564
Business-type:				
Student Assistance Programs	111,662	66,312	46,821	—
Unemployment Compensation	436,880	380,533	185,379	—
Water Loan Programs	19,045	13,710	19,806	—
Community and Economic Loan Programs	2,604	11,843	12,115	—
Liquor Retail Sales	201,976	272,363	358	—
Other Business-type Activities	47,341	33,555	12,283	—
Total Business-type Activities	819,508	778,316	276,762	0
Total Primary Government	$ 10,769,736	$ 1,938,288	$ 3,981,471	$ 157,564
Component Units:				
Utah Housing Corporation	$ 77,669	$ 77,081	$ 144	$ —
Public Employees Health Program	567,847	547,979	17,320	—
University of Utah	2,995,810	2,298,025	516,551	277,562
Utah State University	564,672	179,349	220,048	54,808
Nonmajor Colleges and Universities	1,005,779	429,105	263,128	105,558
Nonmajor Component Units	85,476	42,225	1,618	—
Total Component Units	$ 5,297,253	$ 3,573,764	$ 1,018,809	$ 437,928
General Revenues:				
Taxes:				
Sales and Use Tax				
Individual Income Tax Imposed for Education				
Corporate Tax Imposed for Education				
Motor and Special Fuel Taxes Imposed for Transportation				
Other Taxes				
Total Taxes				
Investment Income				
State Funding for Colleges and Universities				
State Funding for Other Component Units				
Gain on Sale of Capital Assets				
Miscellaneous				
Permanent Endowments Contributions				
Transfers—Internal Activities				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets—Beginning				
Adjustment to Beginning Net Assets				
Net Assets—Beginning as Adjusted				
Net Assets—Ending				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 27,952	$ —	$ 27,952	$ —
(365,775)	—	(365,775)	—
(244,057)	—	(244,057)	—
(95,811)	—	(95,811)	—
(65,545)	—	(65,545)	—
(431,031)	—	(431,031)	—
(1,113,521)	—	(1,113,521)	—
(66,573)	—	(66,573)	—
(41,444)	—	(41,444)	—
(98,681)	—	(98,681)	—
(4,437)	—	(4,437)	—
(2,367,500)	—	(2,367,500)	—
59,632	—	59,632	—
(121,192)	—	(121,192)	—
(4,927,983)	0	(4,927,983)	0
—	1,471	1,471	—
—	129,032	129,032	—
—	14,471	14,471	—
—	21,354	21,354	—
—	70,745	70,745	—
—	(1,503)	(1,503)	—
0	235,570	235,570	0
(4,927,983)	235,570	(4,692,413)	0
—	—	—	(444)
—	—	—	(2,548)
—	—	—	96,328
—	—	—	(110,467)
—	—	—	(207,988)
—	—	—	(41,633)
0	0	0	(266,752)
1,931,045	24,264	1,955,309	—
2,525,082	—	2,525,082	—
284,666	—	284,666	—
351,346	—	351,346	—
415,190	—	415,190	—
5,507,329	24,264	5,531,593	0
8,464	—	8,464	46,031
—	—	—	721,178
—	—	—	31,497
17,294	—	17,294	—
58,851	3,547	62,398	—
—	—	—	22,962
43,091	(43,091)	—	—
5,635,029	(15,280)	5,619,749	821,668
707,046	220,290	927,336	554,916
15,807,422	2,309,279	18,116,701	6,222,693
(56,010)	—	(56,010)	62,450
15,751,412	2,309,279	18,060,691	6,285,143
$ 16,458,458	$ 2,529,569	$ 18,988,027	$ 6,840,059

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Governmental Fund Financial Statements

General Fund

This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

Education Fund

This fund accounts for all corporate and income taxes that support public and higher education in the State. This fund is also used to account for specific revenues and expenditures that support public elementary and secondary schools and the State Office of Education.

Transportation Fund

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes, fees, and federal funds.

Transportation Investment Fund

This capital projects fund is used to account for revenues and expenditures associated with the construction and reconstruction of specific state and federal highways. Projects designated as Centennial Highway or prioritized as critical highway needs are accounted for within this fund. Funding is provided from highway general obligation bonds, federal funds, vehicle registration fees, sales and use taxes, and appropriations.

Trust Lands

This permanent fund accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual with the earnings used primarily to support public education.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 140.

Balance Sheet
Governmental Funds

June 30, 2012 (Expressed in Thousands)

	General	Special Revenue: Education	Special Revenue: Transportation	Capital Projects: Transportation Investment
ASSETS				
Cash and Cash Equivalents	$ 494,655	$ 197,414	$ 209,587	$ 209,430
Investments	75,453	143,450	48,731	398,523
Receivables:				
Accounts, net	477,617	149,096	107,290	—
Accrued Interest	35	—	—	—
Accrued Taxes, net	221,768	564,813	50,752	18,308
Notes/Mortgages, net	799	12,504	163	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	25,227	952	248	—
Due From Component Units	124	—	—	—
Prepaid Items	23,450	—	—	—
Inventories	662	—	11,583	—
Interfund Loans Receivable	47,998	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 1,367,788	$ 1,068,229	$ 428,354	$ 626,261
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 473,322	$ 186,899	$ 192,107	$ —
Due To Other Funds	27,059	2,232	4,954	—
Due To Component Units	94	367	—	—
Deferred Revenue	130,008	249,035	9,851	1,472
Total Liabilities	630,483	438,533	206,912	1,472
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	13,537	—	—	—
Prepaid Items	23,450	—	—	—
Inventories	662	—	11,583	—
Permanent Fund Principal	—	—	—	—
Restricted	39,745	629,696	162,767	210,080
Committed	489,487	—	42,022	414,709
Assigned	159,082	—	5,070	—
Unassigned	11,342	—	—	—
Total Fund Balances	737,305	629,696	221,442	624,789
Total Liabilities and Fund Balances	$ 1,367,788	$ 1,068,229	$ 428,354	$ 626,261

The Notes to the Financial Statements are an integral part of this statement.

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 194,405	$ 1,305,491
1,355,814	266,918	2,288,889
5,022	17,796	756,821
930	21	986
—	—	855,641
15,020	—	28,486
—	102,540	102,540
4,726	2,949	34,102
—	45,230	45,354
—	—	23,450
—	—	12,245
—	—	47,998
78,917	—	78,917
$ 1,460,429	$ 629,859	$ 5,580,920
$ —	$ 125,488	$ 977,816
75	27,246	61,566
8	329	798
23,723	108,112	522,201
23,806	261,175	1,562,381
—	—	13,537
—	—	23,450
—	—	12,245
1,436,623	—	1,436,623
—	86,487	1,128,775
—	175,252	1,121,470
—	106,945	271,097
—	—	11,342
1,436,623	368,684	4,018,539
$ 1,460,429	$ 629,859	$ 5,580,920

Reconciliation of the Balance Sheet — Governmental Funds To the Statement of Net Assets

June 30, 2012 (Expressed in Thousands)

Total Fund Balances for Governmental Funds ……		$ 4,018,539
Total net assets reported for governmental activities in the Statement of Net Assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 1,625,079	
Infrastructure, Non-depreciable	11,196,018	
Construction-In-Progress	1,961,528	
Buildings, Equipment, and Other Depreciable Assets	2,312,446	
Accumulated depreciation	(954,818)	16,140,253
Some of the State's earned revenues will be collected after yearend, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. …..……..		336,861
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. .....….....…		75,705
Bond issue costs are reported as current expenditures in the funds. However, issue costs are deferred and amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. ……..…		10,988
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds: (See Note 10)		
General Obligation and Revenue Bonds Payable	(3,697,470)	
Unamortized Premiums	(200,962)	
Amount Deferred on Refunding	26,225	
Accrued Interest Payable	(1,381)	
Pollution Remediation Obligation	(6,640)	
Settlement Agreements, Liability	(34,007)	
Settlement Agreements, Receivable	5,757	
Compensated Absences	(185,701)	
Capital Leases	(24,270)	
Net Other Postemployment Benefit Obligation	(5,439)	(4,123,888)
Total Net Assets of Governmental Activities ……..		$ 16,458,458

The Notes to the Financial Statements are an integral part of this statement.

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Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	Education	Transportation	Transportation Investment
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,591,614	$ —	$ 69,198	$ 269,313
Individual Income Tax	—	2,518,373	—	—
Corporate Tax	—	285,541	—	—
Motor and Special Fuels Tax	—	—	353,299	—
Other Taxes	355,129	37,791	9,801	—
Total Taxes	1,946,743	2,841,705	432,298	269,313
Other Revenues:				
Federal Contracts and Grants	2,548,200	525,453	454,343	—
Charges for Services/Royalties	394,040	681	87,295	—
Licenses, Permits, and Fees	28,415	5,108	78,401	71,706
Federal Mineral Lease	183,739	—	—	—
Federal Aeronautics	—	—	22,883	—
Intergovernmental	—	—	—	—
Investment Income	8,784	29,649	809	4,606
Miscellaneous and Other	209,312	28,066	66,697	65,000
Total Revenues	5,319,233	3,430,662	1,142,726	410,625
EXPENDITURES				
Current:				
General Government	326,830	—	—	—
Human Services and Juvenile Justice Services	641,984	—	—	—
Corrections	241,943	—	—	—
Public Safety	222,087	—	—	—
Courts	127,066	—	—	—
Health and Environmental Quality	2,140,696	—	—	—
Higher Education – State Administration	49,359	—	—	—
Higher Education – Colleges and Universities	698,676	—	—	—
Employment and Family Services	705,715	—	—	—
Natural Resources	152,007	—	—	—
Community and Culture	137,711	—	—	—
Business, Labor, and Agriculture	87,842	—	—	—
Public Education	—	2,999,350	—	—
Transportation	—	—	1,086,479	—
Capital Outlay	—	—	—	803,775
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	5,531,916	2,999,350	1,086,479	803,775
Excess Revenues Over (Under) Expenditures	(212,683)	431,312	56,247	(393,150)
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	563,060
Revenue Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	83,340
Sale of Capital Assets	10	—	12,276	—
Transfers In	470,328	7,646	66,476	82,634
Transfers Out	(220,696)	(309,696)	(148,965)	(299,497)
Total Other Financing Sources (Uses)	249,642	(302,050)	(70,213)	429,537
Net Change in Fund Balances	36,959	129,262	(13,966)	36,387
Fund Balances – Beginning	700,346	500,434	235,408	588,402
Fund Balances – Ending	$ 737,305	$ 629,696	$ 221,442	$ 624,789

The Notes to the Financial Statements are an integral part of this statement.

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 3,910	$ 1,934,035
—	—	2,518,373
—	—	285,541
—	—	353,299
—	12,023	414,744
0	15,933	5,505,992
—	33,516	3,561,512
70,044	73,771	625,831
—	—	183,630
—	—	183,739
—	—	22,883
—	34,407	34,407
(1,336)	3,621	46,133
—	23,935	393,010
68,708	185,183	10,557,137
—	27,656	354,486
—	3,434	645,418
—	3,886	245,829
—	17,366	239,453
—	—	127,066
—	3,405	2,144,101
—	—	49,359
—	22,398	721,074
—	466	706,181
—	1,691	153,698
—	17,864	155,575
—	11,847	99,689
—	356	2,999,706
—	853	1,087,332
—	169,431	973,206
—	266,300	266,300
—	168,047	168,047
0	715,000	11,136,520
68,708	(529,817)	(579,383)
—	46,860	609,920
—	5,250	5,250
—	9,218	92,558
9,872	—	22,158
2,478	467,825	1,097,387
—	(73,537)	(1,052,391)
12,350	455,616	774,882
81,058	(74,201)	195,499
1,355,565	442,885	3,823,040
$ 1,436,623	$ 368,684	$ 4,018,539

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Net Change in Fund Balances – Total Governmental Funds ……		$ 195,499
The change in net assets reported for governmental activities in the Statement of Net Assets is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are "transferred" to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays $1,360,446 exceeded depreciation $(82,362) and buildings "transferred" to component units $(344,875) in the current period. (See Note 8) ……		933,209
In the Statement of Activities, only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net assets differs from the change in fund balance by the assets sold. …….		(20,714)
Net effect of revenues reported on the accrual basis in the Statement of Activities that do not provide current financial resources and thus are not reported as revenues in the funds until available. ……..		(3,767)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(7,691)
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Assets. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Assets: (See Note 10)		
Bonds Issued	$ (615,170)	
Premiums on Bonds Issued	(92,558)	
Payment of Bond Principal	266,300	
Capital Lease Payments	1,529	(439,899)
Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; interest on long-term debt unless certain conditions are met; and bond issue costs. However, the Statement of Activities is presented on the accrual basis and expenses and liabilities are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:		
Pollution Remediation Obligation Costs	443	
Settlement Agreements Costs, net	3,334	
Compensated Absences Expenses	(3,158)	
Accrued Interest on Bonds Payable	64	
Amortization of Bond Premiums	53,575	
Amortization of Amount Deferred on Refunding	(5,649)	
Deferred Bond Issue Costs	97	
Other Postemployment Benefit Costs	1,703	50,409
Change in Net Assets of Governmental Activities ……		$ 707,046

The Notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Financial Statements

Student Assistance Programs

These programs are comprised of two programs administered by the State Board of Regents: the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans. Funds are acquired from the sale of bonds, lines-of-credit, and funding notes.

Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund has been provided from the General Fund and from general obligation bonds that have been repaid from general tax revenues. Additional funds have been generated by issuing water loan recapitalization revenue bonds that are secured by pledged principal and interest payments of specific revolving water resources loan funds.

Community Impact Loan Fund

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund. This fund also administers loans and loan guarantees from federal funds to small businesses under the Small Business Credit Initiative.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 164.

Governmental Activities – Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 174.

Statement Of Net Assets
Proprietary Funds

June 30, 2012 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 100,168	$ 418,088	$ 146,222	$ 179,415
Restricted Investments	75,036	—	—	—
Receivables:				
Accounts, net	12,475	117,954	2,527	—
Accrued Interest	20,852	—	6,709	3,942
Accrued Taxes, net	—	—	2,469	—
Notes/Loans/Mortgages, net	179,802	—	40,215	18,621
Due From Other Funds	—	—	11,903	—
Due From Component Units	—	—	—	—
Prepaid Items	1,514	—	—	—
Inventories	—	—	—	—
Deferred Charges	2,395	—	—	—
Total Current Assets	392,242	536,042	210,045	201,978
Noncurrent Assets:				
Restricted Investments	116,215	—	—	—
Accounts Receivables	—	6,179	—	—
Investments	39,621	—	—	—
Prepaid Items	1,962	—	—	—
Accrued Interest Receivable	—	—	3,893	70
Notes/Loans/Mortgages Receivables, net	1,404,084	—	517,681	405,027
Pledged Loans Receivables	—	—	140,905	—
Deferred Charges	15,184	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	12,778	—	—	—
Machinery and Equipment	2,139	—	—	—
Intangible Assets–Software	1,174	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	(4,705)	—	—	—
Total Capital Assets	11,386	0	0	0
Total Noncurrent Assets	1,588,452	6,179	662,479	405,097
Total Assets	1,980,694	542,221	872,524	607,075
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	18,372	1,056	360	358
Deposits	—	55	—	—
Due To Other Funds	—	8,011	42	2
Due To Component Units	—	—	—	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	332	—	—	—
Policy Claims and Uninsured Liabilities	680	11,856	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	22,298	—	4,966	—
Total Current Liabilities	41,682	20,978	5,368	360
Noncurrent Liabilities:				
Accrued Liabilities	482	—	—	—
Unearned Revenue	39,901	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	2,482	—	—	—
Contracts/Notes Payable	552,423	—	—	—
Revenue Bonds Payable	947,282	—	57,469	—
Arbitrage Liability	10,000	—	—	—
Total Noncurrent Liabilities	1,552,570	0	57,469	0
Total Liabilities	1,594,252	20,978	62,837	360
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,729	—	—	—
Restricted for:				
Unemployment Compensation and Insurance Programs	—	521,243	—	—
Loan Programs	319,713	—	382,098	—
Debt Service	—	—	163,148	—
Unrestricted (Deficit)	63,000	—	264,441	606,715
Total Net Assets	$ 386,442	$ 521,243	$ 809,687	$ 606,715

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 41,570	$ 885,463	$ 66,446
—	75,036	—
15,778	148,734	4,946
1,632	33,135	—
—	2,469	—
8,824	247,462	—
12,674	24,577	26,585
—	0	1,090
12	1,526	4,472
30,750	30,750	5,900
—	2,395	23
111,240	1,451,547	109,462
—	116,215	—
—	6,179	—
990	40,611	—
—	1,962	258
953	4,916	—
134,804	2,461,596	2,123
—	140,905	—
—	15,184	423
22,755	22,755	17
304	304	303
78,709	91,487	6,183
13,481	15,620	196,496
397	1,571	7,749
—	0	197
(27,821)	(32,526)	(126,514)
87,825	99,211	84,431
224,572	2,886,779	87,235
335,812	4,338,326	196,697
12,428	32,574	26,129
97	152	—
20,086	28,141	949
7	7	—
—	0	34,461
4,729	5,061	17
2,848	15,384	17,013
—	0	23
4,829	32,093	80
45,024	113,412	78,672
—	482	—
—	39,901	165
—	0	13,537
—	2,482	27,687
—	552,423	423
85,306	1,090,057	508
—	10,000	—
85,306	1,695,345	42,320
130,330	1,808,757	120,992
9,564	13,293	83,908
—	521,243	6,526
76,804	778,615	—
—	163,148	—
119,114	1,053,270	(14,729)
$ 205,482	$ 2,529,569	$ 75,705

Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Proprietary Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 9,334	$ 380,533	$ 280	$ —
Fees and Assessments	1,225	—	358	—
Interest on Notes/Mortgages	52,664	—	13,072	6,199
Federal Reinsurance and Allowances/Reimbursements	45,530	174,564	—	—
Miscellaneous	3,089	—	—	2,368
Total Operating Revenues	111,842	555,097	13,710	8,567
OPERATING EXPENSES				
Administration	5,294	—	—	91
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	—	14,558	—
Rentals and Leases	—	—	1	—
Maintenance	—	—	—	—
Interest	13,633	—	—	—
Depreciation/Amortization	744	—	—	—
Student Loan Servicing and Related Expenses	44,469	—	—	—
Payment to Lenders for Guaranteed Claims	45,858	—	—	—
Benefit Claims and Unemployment Compensation	—	436,880	—	—
Supplies and Other Miscellaneous	1,664	—	2,415	74
Total Operating Expenses	111,662	436,880	16,974	165
Operating Income (Loss)	180	118,217	(3,264)	8,402
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,291	10,815	1,126	1,453
Federal Contracts and Grants	—	—	18,680	4,345
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	—	23,739	—
Interest Expense	—	—	(2,071)	—
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	3,509	—	—	—
Total Nonoperating Revenues (Expenses)	4,800	10,815	41,474	5,798
Income (Loss) before Transfers	4,980	129,032	38,210	14,200
Transfers In	—	—	—	40,868
Transfers Out	—	(7,871)	(4,265)	—
Change in Net Assets	4,980	121,161	33,945	55,068
Net Assets – Beginning	381,462	400,082	775,742	551,647
Net Assets – Ending	$ 386,442	$ 521,243	$ 809,687	$ 606,715

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 300,545	$ 690,692	$ 307,346
4,872	6,455	—
3,245	75,180	—
—	220,094	—
532	5,989	177
309,194	998,410	307,523
30,668	36,053	99,398
182,557	182,557	84,965
1,312	15,870	—
2,143	2,144	1,387
4,248	4,248	25,584
—	13,633	—
3,477	4,221	17,590
—	44,469	—
—	45,858	—
13,697	450,577	12,654
9,618	13,771	72,008
247,720	813,401	313,586
61,474	185,009	(6,063)
42	14,727	341
18,916	41,941	18
38	38	598
525	24,264	—
(4,036)	(6,107)	(52)
—	0	(274)
—	3,509	(354)
15,485	78,372	277
76,959	263,381	(5,786)
2,243	43,111	95
(74,066)	(86,202)	(2,000)
5,136	220,290	(7,691)
200,346	2,309,279	83,396
$ 205,482	$ 2,529,569	$ 75,705

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 57,625	$ 370,938	$ 11,827	$ 8,177
Receipts from Loan Maturities	256,983	—	60,721	50,213
Receipts Federal Reinsurance and Allowances/Reimbursements	18,039	175,583	—	—
Receipts from State Customers	—	—	—	—
Student Loan Disbursements Sent to Schools/Lenders	37	—	—	—
Payments to Suppliers/Claims/Grants	(18,321)	(438,155)	(17,091)	280
Disbursements for Loans Receivable	(22,071)	—	(51,349)	(93,111)
Payments on Loan Guarantees	(45,450)	—	—	—
Payments for Employee Services and Benefits	(11,360)	—	—	(83)
Payments to State Suppliers and Grants	—	—	—	(2)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	235,482	108,366	4,108	(34,526)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Receipts from Bonds, Notes, and Deposits	539,996	4	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(896,910)	(17)	(4,895)	—
Interest Paid on Bonds, Notes, and Financing Costs	(24,434)	—	—	—
Federal Contracts and Grants and Other Revenues	—	—	16,315	4,345
Restricted Sales Tax	—	—	23,311	—
Transfers In from Other Funds	—	—	—	40,868
Transfers Out to Other Funds	—	(7,871)	(4,266)	—
Net Cash Provided (Used) by Noncapital Financing Activities	(381,348)	(7,884)	30,465	45,213
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Federal Grants and Other Revenues	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	(984)	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(984)	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	1,649,852	—	—	—
Receipts of Interest and Dividends from Investments	1,297	10,816	1,356	1,453
Payments to Purchase Investments	(1,485,678)	—	—	—
Net Cash Provided (Used) by Investing Activities	165,471	10,816	1,356	1,453
Net Cash Provided (Used) – All Activities	18,621	111,298	35,929	12,140
Cash and Cash Equivalents – Beginning	81,547	306,790	110,293	167,275
Cash and Cash Equivalents – Ending	$ 100,168	$ 418,088	$ 146,222	$ 179,415

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 355,645	$ 804,212	$ 50,571
12,051	379,968	—
—	193,622	—
10,545	10,545	258,581
—	37	—
(208,514)	(681,801)	(139,637)
(16,634)	(183,165)	—
—	(45,450)	—
(28,381)	(39,824)	(99,471)
(10,045)	(10,047)	(58,034)
(52,348)	(52,348)	—
62,319	375,749	12,010
14,642	14,642	—
(15,608)	(15,608)	(492)
—	540,000	—
—	(901,822)	(20)
—	(24,434)	(22)
16,495	37,155	—
525	23,836	—
2,243	43,111	—
(74,066)	(86,203)	(2,000)
(55,769)	(369,323)	(2,534)
—	0	10,132
368	368	—
—	0	3,239
—	0	687
(4,284)	(4,284)	(76)
(325)	(1,309)	(25,191)
(2,472)	(2,472)	(16)
—	0	95
(6,713)	(7,697)	(11,130)
16	1,649,868	—
42	14,964	341
—	(1,485,678)	—
58	179,154	341
(105)	177,883	(1,313)
41,675	707,580	67,759
$ 41,570	$ 885,463	$ 66,446

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loan Programs**	**Community Impact Loan Fund**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 180	$ 118,217	$ (3,264)	$ 8,402
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	744	—	—	—
Interest Expense for Noncapital and Capital Financing	13,748	—	—	—
Miscellaneous Gains, Losses, and Other Items	5,130	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(3,751)	(12,172)	(2,316)	—
Notes/Accrued Interest Receivables	222,894	—	9,808	(43,288)
Inventories	—	—	—	—
Prepaid Items/Deferred Charges	(180)	—	—	—
Accrued Liabilities/Due to Other Funds	(1,880)	1,710	(120)	360
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	(1,403)	611	—	—
Net Cash Provided (Used) by Operating Activities	$ 235,482	$ 108,366	$ 4,108	$ (34,526)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ (139)	$ 63
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ (139)	$ 63

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 61,474	$ 185,009	$ (6,063)
3,477	4,221	17,590
—	13,748	—
—	5,130	(1,297)
4,868	(13,371)	2,329
(4,507)	184,907	(487)
813	813	(321)
(10)	(190)	(2,599)
(5,653)	(5,583)	891
(93)	(93)	(2)
1,950	1,158	1,969
$ 62,319	$ 375,749	$ 12,010
$ (133)	$ (209)	$ (70)
$ (133)	$ (209)	$ (70)

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Fiduciary Fund Financial Statements

Pension and Other Employee Benefit Trust Funds

These funds are used to account for defined benefit pension plans and defined contribution plans administered by the Utah Retirement Systems and to account for the Post-Retirement Benefits Trust Funds, defined benefit other postemployment benefit plans (OPEB Plans) administered by the State.

Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 184.

Statement Of Fiduciary Net Assets
Fiduciary Funds

June 30, 2012 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,006,212	$ 939,579	$ 5,954	$ 169,769
Receivables:				
Accounts	3,307	—	7,506	11,739
Contributions	41,626	—	—	—
Investments	519,131	—	—	—
Accrued Assessments	—	—	2,986	—
Court Settlement	—	—	23,000	—
Due From Other Funds	2,843	—	1,236	1,508
Investments:				
Debt Securities	5,588,172	5,117,956	876,553	24,561
Equity Investments	9,037,217	—	4,133,509	—
Absolute Return	3,286,714	—	—	—
Private Equity	2,254,396	—	—	—
Real Assets	2,925,881	—	—	—
Mortgage Loans	6,845	—	—	—
Invested Securities Lending Collateral	1,732,651	—	—	—
Total Investments	24,831,876	5,117,956	5,010,062	24,561
Capital Assets:				
Land	1,780	—	271	—
Buildings and Improvements	11,555	—	10,715	—
Machinery and Equipment	5,725	—	1,260	—
Less Accumulated Depreciation	(17,924)	—	(3,738)	—
Total Capital Assets	1,136	0	8,508	0
Total Assets	26,406,131	6,057,535	5,059,252	$ 207,577
LIABILITIES				
Accounts Payable	529,727	—	1,574	$ —
Securities Lending Liability	1,732,651	—	—	—
Due To Other Funds	—	—	195	—
Due To Individuals, Organizations, and Other Governments	—	—	—	207,577
Unearned Revenue	—	—	234	—
Leave/Postemployment Benefits	12,465	—	—	—
Policy Claims Liabilities/Insurance Reserves	4,998	—	269,850	—
Real Estate Liabilities	761,342	—	—	—
Total Liabilities	3,041,183	0	271,853	$ 207,577
NET ASSETS				
Held in trust for:				
Pension Benefits	19,952,853	—	—	
Other Postemployment Benefits	146,206	—	—	
Defined Contribution	3,265,889	—	—	
Pool Participants	—	6,057,535	—	
Individuals, Organizations, and Other Governments	—	—	4,787,399	
Total Net Assets	$ 23,364,948	$ 6,057,535	$ 4,787,399	
Participant Account Balance Net Asset Valuation Factor		1.0058628		

The Notes to the Financial Statements are an integral part of this statement.

Statement Of Changes In Fiduciary Net Assets
Fiduciary Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 289,575	$ —	$ 575,539
Employer	790,187	—	—
Court Fees and Fire Insurance Premiums	14,504	—	—
Total Contributions	1,094,266	0	575,539
Pool Participant Deposits	—	7,765,422	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	114,457	(1,936)	20,332
Interest, Dividends, and Other Investment Income	426,369	40,313	92,323
Less Investment Expenses	(50,105)	(316)	—
Net Investment Income	490,721	38,061	112,655
Transfers From Affiliated Systems	37,473	—	—
Other Additions:			
Escheats	—	—	22,072
Royalties and Rents	—	—	5,417
Fees, Assessments, and Revenues	—	—	42,119
Miscellaneous	—	—	6,054
Total Other	0	0	75,662
Total Additions	1,622,460	7,803,483	763,856
DEDUCTIONS			
Pension Benefits	1,083,497	—	—
Retiree Healthcare Benefits	30,700	—	—
Refunds/Plan Distributions	226,059	—	—
Earnings Distribution	—	39,998	—
Pool Participant Withdrawals	—	7,905,881	—
Transfers To Affiliated Systems	37,473	—	—
Trust Operating Expenses	—	—	28,788
Distributions and Benefit Payments	—	—	199,577
Administrative and General Expenses	16,468	—	18,227
Total Deductions	1,394,197	7,945,879	246,592
Change in Net Assets Held in Trust for:			
Pension Benefits	196,747	—	—
Other Postemployment Benefits	22,275	—	—
Defined Contributions	9,241	—	—
Pool Participants	—	(142,396)	—
Individuals, Organizations, and Other Governments	—	—	517,264
Net Assets – Beginning	23,136,685	6,199,931	4,270,135
Net Assets – Ending	$ 23,364,948	$ 6,057,535	$ 4,787,399

The Notes to the Financial Statements are an integral part of this statement.

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Component Unit Financial Statements

Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds that are repaid from the interest and principal payments made on mortgages.

Public Employees Health Program

This program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 200.

Combining Statement Of Net Assets
Component Units

June 30, 2012 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 100,652	$ 19,069	$ 370,905	$ 32,722
Investments	220,696	53,480	664,883	58,131
Receivables:				
Accounts, net	—	33,060	340,723	58,045
Notes/Loans/Mortgages/Pledges, net	20,739	—	—	1,342
Accrued Interest	5,662	13,083	—	—
Due From Primary Government	—	—	329	—
Prepaid Items	1,226	9,757	—	1,974
Inventories	—	—	45,166	5,126
Deferred Charges	—	—	17,479	—
Total Current Assets	348,975	128,449	1,439,485	157,340
Noncurrent Assets:				
Restricted Investments	—	—	534,124	137,513
Accounts Receivables, net	—	—	—	17,391
Investments	184,447	224,011	604,182	167,993
Notes/Loans/Mortgages/Pledges Receivables, net	999,610	—	—	10,789
Deferred Charges	121,609	—	—	—
Other Assets	7,990	—	54,124	101
Capital Assets (net of Accumulated Depreciation)	5,814	156	2,288,364	687,818
Total Noncurrent Assets	1,319,470	224,167	3,480,794	1,021,605
Total Assets	1,668,445	352,616	4,920,279	1,178,945
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	38,376	8,427	170,257	44,105
Securities Lending Liability	—	28,619	—	—
Deposits	—	—	72,588	631
Due To Primary Government	—	—	27,249	3,976
Unearned Revenue	—	3,010	51,812	16,871
Current Portion of Long-term Liabilities (Note 10)	87,762	69,387	47,201	23,035
Total Current Liabilities	126,138	109,443	369,107	88,618
Noncurrent Liabilities:				
Accrued Liabilities	111,482	—	—	2,124
Unearned Revenue	6,798	—	—	—
Deposits	—	—	15,313	—
Long-term Liabilities (Note 10)	1,190,119	63,491	749,879	119,364
Total Noncurrent Liabilities	1,308,399	63,491	765,192	121,488
Total Liabilities	1,434,537	172,934	1,134,299	210,106
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	4,677	156	1,569,553	576,058
Restricted for:				
Nonexpendable:				
Higher Education	—	—	411,667	107,149
Expendable:				
Higher Education	—	—	586,683	164,417
Debt Service	162,729	—	—	—
Insurance Plans	—	179,526	—	—
Other	—	—	—	—
Unrestricted	66,502	—	1,218,077	121,215
Total Net Assets	$ 233,908	$ 179,682	$ 3,785,980	$ 968,839

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component Units	Total
$ 314,526	$ 837,874
95,544	1,092,734
28,564	460,392
9,385	31,466
269	19,014
476	805
6,664	19,621
13,929	64,221
548	18,027
469,905	2,544,154
92,516	764,153
5,303	22,694
179,485	1,360,118
31,882	1,042,281
—	121,609
5,507	67,722
1,217,070	4,199,222
1,531,763	7,577,799
2,001,668	10,121,953
35,428	296,593
—	28,619
4,364	77,583
15,219	46,444
31,862	103,555
25,573	252,958
112,446	805,752
—	113,606
3,630	10,428
399	15,712
213,543	2,336,396
217,572	2,476,142
330,018	3,281,894
1,029,662	3,180,106
118,548	637,364
192,405	943,505
—	162,729
—	179,526
769	769
330,266	1,736,060
$ 1,671,650	$ 6,840,059

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ 77,669	$ 567,847	$ 2,995,810	$ 564,672
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	303,195	159,602
Scholarship Allowances	—	—	(39,564)	(59,470)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $79,395)	77,081	547,979	2,034,394	79,217
Operating Grants and Contributions	144	17,320	516,551	220,048
Capital Grants and Contributions	—	—	277,562	54,808
Total Program Revenues	77,225	565,299	3,092,138	454,205
Net (Expenses) Revenues	(444)	(2,548)	96,328	(110,467)
General Revenues:				
State Appropriations	—	—	253,909	161,608
Unrestricted Investment Income	—	—	19,877	15,003
Permanent Endowments Contributions	—	—	13,966	2,143
Total General Revenues	0	0	287,752	178,754
Change in Net Assets	(444)	(2,548)	384,080	68,287
Net Assets – Beginning	234,352	182,230	3,401,900	838,102
Adjustment to Beginning Net Assets	—	—	—	62,450
Net Assets – Beginning as Adjusted	234,352	182,230	3,401,900	900,552
Net Assets – Ending	$ 233,908	$ 179,682	$ 3,785,980	$ 968,839

The Notes to the Financial Statements are an integral part of this statement.

Nonmajor Component Units	Total
$ 1,091,255	$ 5,297,253
423,275	886,072
(103,341)	(202,375)
151,396	2,890,067
264,746	1,018,809
105,558	437,928
841,634	5,030,501
(249,621)	(266,752)
337,158	752,675
11,151	46,031
6,853	22,962
355,162	821,668
105,541	554,916
1,566,109	6,222,693
—	62,450
1,566,109	6,285,143
$ 1,671,650	$ 6,840,059

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

A. Reporting Entity

For financial reporting purposes, the State of Utah reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: (***1***) the ability of the State to impose its will on that organization; or (***2***) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if an organization is fiscally dependent on the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

Except where noted below, the State's component units issue their own separate audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Office of the Utah State Auditor, P.O. Box 142310, Salt Lake City, UT 84114.

Entities such as the local school districts, charter schools, and other local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. (The State's support of the public education system is reported in the Education Fund, a special revenue fund.)

Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the purpose of financing, owning, leasing and operating facilities to meet the needs of state government. It is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

Discrete Component Units

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State.

The Governor appoints at least a majority of the governing board members of each of the State's component units, subject in most cases to approval by the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to issue moral obligation debt of the State and low-income housing tax credits. The other component units are included in the reporting entity because, under the criteria established by GASB, the State has the ability to impose its will on these organizations.

The colleges and universities, the Public Employees Health Program, Comprehensive Health Insurance Pool and the Utah Schools for the Deaf and Blind are included as component units due to the level of budget or day-to-day oversight provided by the State. The Governor-appointed board members of the Military Installation Development Authority, Heber Valley Historic Railroad Authority and Utah State Fair Corporation can be replaced at will.

The State's major discrete component units are:

Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah. The Program is administered by the Utah State Retirement Board.

University of Utah and Utah State University — These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable.

Utah Schools for the Deaf and the Blind — These Schools provide practical education to individuals with hearing and/or vision impairments. Although not required, these Schools issue separate but unaudited financial statements.

Military Installation Development Authority — The Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State.

Heber Valley Historic Railroad Authority — The Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority issues a separate publicly available compilation report.

Utah State Fair Corporation — This is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events. It receives state appropriations for operations and working capital.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State College of Utah, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are issued for the branch campuses of the Utah College of Applied Technology.

State Charter School Finance Authority — The Authority was created to provide an efficient and cost-effective method of issuing conduit debt on behalf of charter schools to acquire or construct charter school facilities. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated for repayment of the debt. Accordingly, this debt is not included as part of the State's reporting entity. There is no financial activity for the Authority and therefore no financial statements are required or issued.

Fiduciary Component Units

Utah Retirement Systems (defined benefit pension plans and defined contribution plans) — Utah Retirement Systems (URS) administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. URS is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board, is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the Governor with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units.

Utah Educational Savings Plan Trust (Private Purpose Trust Fund) — This Fund is a non-profit, self-supporting agency that was created as a means to encourage investment in a public trust to pay for future higher education costs. It is administered by the Utah State Board of Regents acting in its capacity as the Utah Higher Education Assistance Authority. Because of the State's trustee responsibilities for this plan, GAAP requires it to be reported as a private purpose trust fund of the primary government rather than a discrete component unit.

In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This Fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. The Governor appoints six of the Fund's seven board of directors, but the State's financial accountability for the Fund does not extend beyond making the appointments.

B. **Government-wide and Fund Financial Statements**

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entities' non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given activity or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific activity. The State does not allocate general government (indirect) expenses to other activities. Program revenues include: (***1***) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity; and (***2***) grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary funds financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions, in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified

accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

Major Governmental Funds — The State reports the following major governmental funds:

- **General Fund**. This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

- **Education Fund**. This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.

- **Transportation Fund**. This special revenue fund accounts for dedicated highway user taxes, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.

- **Transportation Investment Fund**. This capital projects fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated as Centennial Highway or prioritized as critical highway needs are accounted for within this fund.

- **Trust Lands Fund**. This is a permanent fund that accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Governmental Funds — The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations, debt collections, and rural development programs. The capital projects funds account for resources used for capital outlays including the acquisition, construction, or improvement of capital facilities other than those financed by the Transportation Investment fund, proprietary funds or assets held in trust. The debt service funds account for resources used for the payment of interest and principal on general long-term debt obligations.

Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Reporting for business-type activities and enterprise funds follow all GASB pronouncements, and all Financial Accounting Standards Board's (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The State has elected not to apply FASB pronouncements issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from nonoperating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

Major Enterprise Funds — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs**. These programs guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans.

- **Unemployment Compensation Fund**. This fund pays claims for unemployment to eligible recipients.

- **Water Loan Programs**. This fund provides loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.

- **Community Impact Loan Fund.** This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. This fund also administers loans to small businesses under the Small Business Credit Initiative.

Nonmajor Enterprise Funds — The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural, energy efficiency, transportation infrastructure, and other purposes; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; Utah Dairy Commission; and the Federal Health Insurance Pool.

Internal Service Funds — The State also reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include technology services, general services, fleet operations, risk management, property management, and human resource management. In the government-

wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

Pension and Other Employee Benefit Trust Funds — These funds account for the plan assets, liabilities, net assets, and changes in net assets of: (***1***) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems; and (***2***) the Post-Retirement Benefits Trust Funds, defined benefit other postemployment health care plans administered by the State for state employees and elected officials.

Investment Trust Fund — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's Investment Fund.

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Utah Navajo Royalties Holding Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

Agency Funds — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units follow all current GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. In addition, as allowed by GASB standards, the Public Employees Health Program has elected to apply all applicable FASB pronouncements issued after November 30, 1989, that do not conflict with GASB standards.

D. **Fiscal Yearends**

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the defined benefit pension plans and defined contribution plans (fiduciary funds), administered by Utah Retirement Systems, Utah State Fair Corporation (nonmajor component unit), Utah Dairy Commission, and the Federal Health Insurance Pool (nonmajor enterprise funds), which have fiscal years ending December 31.

E. **Assets, Liabilities, and Net Assets/Fund Balances**

Cash and Cash Equivalents and Investments

Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (major enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems' (defined benefit pension plans and defined contribution plans) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals.

The State's Unemployment Compensation Fund (major enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (defined benefit pension plans and defined contribution plans) had five types of derivative financial instruments at yearend: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency dominated portfolio holdings. Options give the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Interest rate swap agreements are entered into in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Synthetic Guaranteed Investment Contracts are available to members in the Utah Retirement Systems Defined Contribution Plans. The Student Assistance Program (major proprietary fund) entered into an interest rate exchange (swap) agreement relating to some of its student loan

revenue bonds. The Board accounts for the swap agreement as a fair value hedging derivative instrument to create a variable rate cost of funds that will be lower than the variable rate cost achievable in the cash bond market. Utah Housing Corporation (major component unit) enters into various rate swap contracts as part of its overall funding strategy. The Corporation sells variable rate bonds, although to manage the inherent interest rate risk associated with variable rate debt, it enters into pay fixed, receive variable interest rate swap contracts. See Note 3 for additional information about derivatives.

Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Receivables for capital lease payments, as reported in the governmental activities, are direct financing capital lease arrangements between State Building Ownership Authority (blended component unit) and certain College and Universities (discrete component units). The capital lease receivable is reported net and represents the sum of the future minimum lease payments to be received, less any executory costs and any unearned interest revenue on the capital lease. Receivables from the discrete component unit are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

Inventories and Prepaid Items

Proprietary funds and component units inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund inventories are recorded as expenditures when purchased except for Transportation Fund inventories and state park inventories (reported in the General Fund), that are recorded as expenditures when consumed. Both Transportation Fund inventories and state park inventories are valued using a weighted average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid items for the Student Assistance Programs (major enterprise fund) are primarily federal default fees charged at the time loan proceeds are disbursed and amortized over the estimated lives of the loans using an accelerated method of amortization beginning 36 months from the date the federal default fee is paid by the program.

Capital Assets

Capital assets, which include land and related assets, buildings, equipment, intangible assets (software), and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Assets. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure and internally generated software, are defined by the State as assets, which cost $5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over $1 million. Internally generated software is capitalized if the cost is over $500 thousand. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated fixed assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment/Software	3–15
Aircraft and Heavy Equipment	5–30
Buildings and Improvements	30–40
Land Improvements	5–20
Infrastructure	15–80

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (i.e., roads and bridges) maintained by the State's Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that expand the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (***1***) maintain an inventory of the assets and perform periodic condition assessments; (***2***) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (***3***) document that the assets are being preserved approximately at or above the condition level set by the State. Other infrastructure, which is primarily maintained by the Department of Natural Resources, is capitalized and depreciated.

Most works of art and historical treasures of the primary government are not capitalized or depreciated. These assets are held

for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State's assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

Deferred Revenue — Unearned and Unavailable

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, deferred revenue is recorded when revenue is either unearned or unavailable. Deferred revenues for the Student Assistance Programs (major enterprise fund) are primarily guarantee fees that are recognized as income over a period of ten years using the sum-of-the-years-digits method.

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates; however, policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Assets. See Note 10 for additional information about policy claims liabilities.

Long-term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, deferred amounts on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets).

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (major enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Assets and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental funds financial statements when the liability is due. At June 30, 2012, the total estimated arbitrage rebate liability in the Student Assistance Programs (major enterprise fund) was $10 million, of which $10 million represents yield reduction payments and there was no liability for non-purpose interest. Other arbitrage liabilities are immaterial.

Compensated Absences and Postemployment Benefits

Employees' vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. Unused vacation leave is paid to employees upon termination. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Employees may use converted sick leave in place of annual leave. Any balance in converted sick is paid to employees upon termination. This converted sick leave program ends on January 1, 2014. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Assets as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental funds financial statements. See Note 10 for additional information about the liability.

Employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless employees are eligible for retirement or the sick leave is "converted". Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan, a single-employer defined benefit healthcare plan) to purchase health and life insurance coverage or Medicare supplemental insurance. Any remaining sick leave earned on or after January 1, 2006, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. The Annual Required

Contribution (ARC) needed to fund current and future liabilities of the State Employee OPEB Plan is provided by charges to agency budgets. The ARC is deposited and payments of postemployment health and life insurance benefits to retirees are made from the State Post-Retirement Benefits Trust Fund. See Note 17 for additional information about the State Employee OPEB Plan administered as an irrevocable trust.

The State of Utah also administers the Elected Official OPEB Plan, a single-employer defined benefit healthcare plan from a recently created irrevocable trust. Only governors and legislators (elected officials) that retire after January 1, 1998 and have four or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health coverage, elected officials must begin their service prior to January 1, 2012. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and begin service prior to July 1, 2011. The State will pay a portion or all the health benefit costs for the elected official and spouse based on years of service. See Note 17 for additional information.

For administrative purposes, the State maintains compensated absences pools within the General Fund, Education Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the State Employee OPEB Plan, and have no liability for leave or postemployment benefits once their contributions have been made.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and termination policies vary among component units and from the primary government's policies, but usually vacation leave is expended when earned and sick leave is expended when used.

Net Assets/Fund Balances

The difference between assets and liabilities is "Net Assets" on the government-wide, proprietary fund, and fiduciary funds financial statements and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted balances represent those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as an appropriation or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes, by directive of the Executive Appropriations Committee of the Legislature or in some cases by legislation. See Note 11 for additional information about fund balances.

The State maintains two stabilization accounts: (1) the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") reported as committed fund balance; and (2) the Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of both accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature. See Note 11 for additional information about the stabilization accounts.

F. **Revenues and Expenditures/Expenses**

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources and unrestricted-committed resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2012, the State reported revenue and expenditures of $21.573 million for commodities in the General Fund, and $17.252 million for commodities in the Education Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands permanent fund and the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Education Fund and the General Fund, respectively. One half of the applicable income reported in the

General Fund is then transferred into the State Endowment Fund to increase the principal in the fund as required by state law.

Retirement and Employee Benefit Costs

Most state employees participate in a defined benefit pension plan and/or defined contribution plan administered by Utah Retirement Systems. Contributions collected for the pension plans and contribution plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefit Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefit costs are recognized in the fiscal year in which the underlying payroll cost is incurred.

G. **Interfund Transactions**

Government-wide Financial Statements

Interfund Activity — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Operating transfers between governmental and business-type activities are reported at the net amount.

Interfund Balances — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

Governmental Fund Financial Statements

Interfund Activity — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 13.

H. **Future Changes in Accounting Standards**

The governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of these Statements are effective for fiscal years 2013 and 2014 respectively. In addition, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* and GASB Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27,* effective for fiscal years 2014 and 2015 respectively.

These new accounting and reporting standards may impact the State's recognition and timing of assets and liabilities in government-wide and/or fund financial statements. The requirements of these statements may require restating of beginning net assets and fund balances. The State is currently not planning to early implement these Statements, and has made no estimation of the effect these Statements will have on the financial statements.

NOTE 2. BEGINNING NET ASSET ADJUSTMENTS AND OTHER CHANGES

In evaluating fund type classifications, it was determined the Transportation Investment Fund, which was previously reported as a special revenue fund (major governmental fund), should be reported as a capital project fund (major governmental fund) to accurately account for capital outlay financed in part from the proceeds of general obligation debt. This change had no impact on beginning net assets or governmental activities as reported on the prior year Statement of Activities.

In discussions with Utah State University, it was determined that a research facility, completed in fiscal year 2011, should be included in the University's financial statements since control and use of the facility rests with the University (major component unit) and not with the governmental activities of the primary government. As a result, a prior period adjustment to beginning net assets of governmental activities reported on the government-wide Statement of Activities resulted in a net decrease of $56.010 million. In addition, a liability due to the primary government as part of the University's financial participation in the research facility was removed from the University's financial statements. As a result, the total prior period adjustment to beginning net assets of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units was an increase of $62.450 million. Had these changes been made in the prior year, there would have been no effect on the prior year Statement of Activities. The effects on beginning amounts reported for capital assets of the primary government are described in Note 8.

The Utah Housing Corporation (major component unit) changed its method of accounting for conduit debt by removing the related balances from the financial statements and disclosing the balance in the footnotes. The reason for this change included comparability to other housing finance agencies, the nature of the transactions, and the information received from outside parties. This change had no impact on component unit beginning net assets or activities as reported on the prior year Statement of Activities.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council. However, the Act also permits certain funds that have a long-term perspective to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (special revenue fund), Employers' Reinsurance Trust (private purpose trust), and Utah Educational Savings Plan Trust (private

purpose trust). Exempt from the Act in the primary government are the Trust Lands (permanent fund), Utah Retirement Systems and employee benefit trust funds). The discrete component units exempt from the Act are Utah Housing Corporation, Public Employees Health Program, and the college and universities' endowment funds.

A. **Primary Government**

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2012, were $773.563 million. These deposits are exposed to custodial credit risk as follows:

- $104.151 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $493.278 million of the primary government deposits which are in an FDIC-Insured Savings account at Zions First National Bank (Bank) for Account Owners in the Utah Educational Savings Plan Trust (UESP) (private purpose trust). Contributions to and earnings on the FDIC-insured savings account are insured by the FDIC on a pass-through basis to each Account Owner up to the maximum amount set by federal law. The amount of FDIC insurance provided to an individual is based on the total of (1) the value of an Account Owner's investments in the UESP's FDIC-insured savings account plus (2) the value of other accounts held (if any) at the Bank, as determined by the Bank and by FDIC regulations. It is the Account Owner's responsibility to determine how investments in the savings account would be aggregated with other investments at the Bank for purposes of FDIC insurance.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; and the Utah State Public Treasurer's Investment Fund.

Statute allows certain funds acquired by gift, devise or bequest to be invested according to Rule 2 of the Money Management Council. Rule 2 allows the State to invest these funds in any of the above investments or in any of the following, subject to satisfying certain criteria: professionally managed pooled or commingled investment funds, or mutual funds which satisfy certain criteria; common stock, convertible preferred stock or convertible bonds; and corporate bonds or debentures. Currently, the Utah Education Savings Trust is the only entity required to comply with Rule 2.

The primary government's investments at June 30, 2012, are presented below. All investments, except those of the Utah Retirement Systems (pension and other employee benefit trust funds), are presented by investment type and debt securities are presented by maturity. The Utah Retirement Systems are presented consistent with their separately issued financial statements by investment type.

(Table on next page.)

Primary Government Investments
(except pension and other employee benefit trust funds)
At June 30, 2012
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1–5	6–10	More Than 10
Debt Securities					
U.S. Treasuries	$ 8,724	$ 6,691	$ 1,973	$ 60	$ —
U.S. Agencies	25,229	1,095	23,325	—	809
Corporate Debt	7,861,549	7,828,912	32,637	—	—
Negotiable Certificates of Deposit	179,671	179,671	—	—	—
Money Market Mutual Funds	1,153,772	1,153,772	—	—	—
Municipal/Public Bonds	3,174	—	—	874	2,300
Commercial Paper	477,314	477,314	—	—	—
Bond Mutual Funds *	918,291	—	—	918,291	—
Repurchase Agreements	619	—	619	—	—
Total Debt Securities Investments	10,628,343	$ 9,647,455	$ 58,554	$ 919,225	$ 3,109
Other Investments					
Equity Securities	10,031				
Equity Mutual Funds Securities:					
Domestic	4,137,940				
International	628,912				
U.S. Unemployment Trust Pool	415,735				
Real Estate Held for Investment Purposes	112,966				
Real Estate Joint Ventures	7,262				
Component Units Investment in Primary Government's Investment Pool	(670,383)				
Total Investments	$15,270,806				

* At June 30, 2012, the bond mutual funds had an average effective maturity of 7.2 years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments).

- Utah Educational Savings Plan Trust (private purpose trust) – $3,255.351 million, 77 percent, in domestic equity mutual fund securities; $483.681 million, 11.5 percent, in bond mutual funds; $374.748 million, 8.9 percent, in international equity mutual fund securities; and $111.806 million, 2.6 percent, in the Utah Public Treasurer's Investment Fund.
- Trust Lands (permanent fund) – $630.253 million, 46.5 percent, in domestic equity mutual fund securities; $343.830 million, 25.3 percent, in bond mutual funds; $254.164 million, 18.8 percent, in international equity mutual fund securities; $119.361 million, 8.8 percent in real estate; and $8.206 million, 0.6 percent, in the Utah Public Treasurer's Investment Fund.
- State Post-Retirement Benefits Trusts (pension and other employee benefit trust funds) – $79.297 million, 55.4 percent, in domestic equity mutual fund securities; $51.661 million, 36.1 percent, in bond mutual funds; and $12.188 million, 8.5 percent, in the Utah Public Treasurer's Investment Fund.
- State Endowment Fund (special revenue fund) – $52.984 million, 43 percent, in domestic equity mutual fund securities; and $39.12 million, 31.8 percent, in bond mutual funds; $31.015 million, 25.2 percent, in the Utah Public Treasurer's Investment Fund.
- Student Assistance Programs (major enterprise fund) – $119.902 million, 41.6 percent, in domestic equity mutual fund securities; $167.089 million, 57.9 percent, in the Utah Public Treasurer's Investment Fund; and $1.428 million, 0.5 percent, in U.S. treasuries/agencies.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Investments at Fair Value
At December 31, 2011
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Debt Securities – Domestic	$ 2,285,172	$ 1,425,826	$ 3,710,998
Debt Securities – International	751,602	88,670	840,272
Equity Securities – Domestic	3,976,849	827,239	4,804,088
Equity Securities – International	2,643,728	616	2,644,344
Short-term Securities Pools	1,017,405	8,329	1,025,734
Mortgage Loans:			
Real Estate Notes	6,845	—	6,845
Real Assets	2,885,926	39,955	2,925,881
Alternative Investments (Venture Capital)	2,254,396	—	2,254,396
Absolute Return	3,286,714	—	3,286,714
Mutual Fund – Domestic	—	498,303	498,303
Collective Investment Trust – International	—	296,534	296,534
Investments Held by Broker-dealers Under Securities Lending Program:			
U.S. Government and Agency Securities	802,588	—	802,588
Corporate Debt Securities – Domestic	50,060	—	50,060
Debt Securities – International	132,591	—	132,591
Equity Securities – Domestic	599,149	—	599,149
Equity Securities – International	103,317	—	103,317
Total Investments	20,796,342	3,185,472	23,981,814
Securities Lending Collateral Pool	1,732,651	—	1,732,651
Total Investments	$ 22,528,993	$ 3,185,472	$ 25,714,465

Interest Rate Risk — Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days – 13 months or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years. Funds that follow Rule 2 of the Money Management Council may not allow the dollar-weighted average maturity of fixed-income securities to exceed ten years.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio shall have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers shall maintain an effective duration of their portfolio between 50 and 150 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

The URS compares an investment's effective duration against the Barclays Capital US Aggregate Index for domestic debt securities and the Barclays Capital Global Aggregate Index for international debt securities, and the Barclays Capital Global Inflation Bond Index (USD hedged) for inflation-linked debt securities. The index range at December 31, 2011, was 3.76–6.27 for domestic debt securities, 2.95–8.86 for international debt securities and 8.77–13.15 for inflation-linked debt securities. At December 31, 2011, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2011, the following tables show the investments by investment type, amount, and the effective weighted duration.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, Domestic
At December 31, 2011
(Expressed in Thousands)

Investment	Defined Benefit Plans		Defined Contribution Plans		Total
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	All Systems and Plans
Asset-backed Securities	$ 87,103	1.68	$ 60,435	0.75	$ 147,538
Commercial Mortgage-backed	111,963	2.86	119,957	2.71	231,920
Corporate Bonds	516,609	5.20	352,658	4.74	869,267
Corporate Convertible Bonds	3,438	0.88	—	—	3,438
Fixed Income Derivatives – Futures	(476,753)	4.92	—	—	(476,753)
Fixed Income Derivatives – Options	35	NA	—	—	35
Fixed Income Futures	476,753	NA	—	—	476,753
Government Agencies	101,509	4.32	274,104	2.13	375,613
Government Bonds	828,102	7.03	24,644	0.44	852,746
Government Mortgage-backed Securities	971,337	1.88	288,372	2.06	1,259,709
Gov't Issued Commercial Mortgage-backed	1,441	4.86	—	—	1,441
Funds – Corporate Bond	85,650	NA	—	—	85,650
Guaranteed Fixed Income	1,443	1.45	—	—	1,443
Index Linked Government Bonds	270,882	5.60	—	—	270,882
Municipal/Provincial Bonds	14,722	11.95	32,213	9.76	46,935
Non-government Backed C.M.O.s	156,375	2.24	—	—	156,375
Other Fixed Income	14	NA	40,521	NA	40,535
Collateral Held Elsewhere	1,010	NA	—	—	1,010
Other Options	(14,252)	NA	—	—	(14,252)
Swap Liabilities	(148)	NA	—	—	(148)
Swaps	589	NA	—	—	589
Treasury Inflation Protected Securities	—	—	18,789	4.04	18,789
Treasury Notes	—	—	200,608	4.21	200,608
Whole loan C.M.O.s	—	—	13,525	0.53	13,525
Total Debt Securities Investments, Domestic	$ 3,137,822	4.33	$ 1,425,826	3.13	$ 4,563,648

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments, International
At December 31, 2011
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans		
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	All Systems and Plans
Asset Backed Securities	$ 1,010	0.48	$ —	—	$ 1,010
Corporate Bonds	240,690	4.41	13,515	6.36	254,205
Fixed Income Derivative – Futures	(78,527)	7.01	(12,107)	6.33	(90,634)
Fixed Income Futures	78,527	NA	12,107	NA	90,634
Government Agencies	12,001	2.93	238	3.80	12,239
Government Bonds	274,977	5.73	40,401	7.93	315,378
Index Linked Government Bonds	340,877	7.55	28,385	7.12	369,262
Municipal/Provincial Bonds	7,761	2.85	—	—	7,761
Non-government Backed C.M.O.s	6,592	0.05	2,848	0.16	9,440
Other Options	285	NA	3,283	0.09	3,568
Total	$ 884,193	5.86	$ 88,670	6.02	$ 972,863

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2012, with the exception of URS, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

Primary Government Rated Debt Investments
(except pension and other employee benefit trust funds)
At June 30, 2012
(Expressed in Thousands)

	Fair	Quality Ratings			
Debt Investments	**Value**	**AAA**	**AA**	**A**	**BBB**
U.S. Agencies	$ 25,229	$ 90	$ 24,330	$ —	$ —
Corporate Debt	$ 7,861,549	$ —	$ 764,741	$ 5,999,990	$ 1,096,818
Negotiable Certificates of Deposit	$ 179,671	$ —	$ 50,060	$ 129,348	$ —
Money Market Mutual Funds	$ 1,153,772	$ 3,772	$ —	$ —	$ 100,000
Municipal/Public Bonds	$ 3,174	$ 1,418	$ 1,756	$ —	$ —
Commercial Paper	$ 477,314	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 918,291	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Treasuries	$ 619	$ —	$ —	$ —	$ —

Continues Below

	Quality Ratings		
Debt Investments	**A1 ***	**A2 ***	**Unrated**
U.S. Agencies	$ —	$ —	$ 809
Corporate Debt	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —	$ 263
Money Market Mutual Funds	$ —	$ —	$ 1,050,000
Municipal/Public Bonds	$ —	$ —	$ —
Commercial Paper	$ 317,436	$ 159,878	$ —
Bond Mutual Funds	$ —	$ —	$ 918,291
Repurchase Agreements – Underlying:			
U.S. Treasuries	$ —	$ —	$ 619

***** A1 and A2 are Commercial Paper ratings

The URS expects its domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- U.S. government and agency securities — no restriction.
- Total portfolio quality shall maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB– are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar denominated bonds.
- Upon approval, the international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment gradeS&P index BBB– or Moody's index Baa3). The remaining assets shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2011, is AAA and the fair value of below grade investments is $207.821 million or 6.62 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2011, is AA+ and the fair value of below grade investments is $42.444 million or 4.8 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2011:

Utah Retirement Systems
(pension and other employee benefit trust funds)
Debt Securities Investments at Fair Value
At December 31, 2011
(Expressed in Thousands)

	Defined Benefit Plans			Defined Contribution Plans			Total All Systems
Quality Rating	**Domestic**	**International**	**Total**	**Domestic**	**International**	**Total**	**and Plans**
AAA	$ 1,064,767	$ 506,015	$ 1,570,782	$ 133,484	$ 35,097	$ 168,581	$ 1,739,363
AA+	133,504	1,152	134,656	32,393	13,110	45,503	180,159
AA	15,319	7,793	23,112	56,656	999	57,655	80,767
AA–	18,415	105,736	124,151	1,306	18,305	19,611	143,762
A+	42,237	22,597	64,834	37,520	1,204	38,724	103,558
A	84,311	20,504	104,815	36,879	3,546	40,425	145,240
A–	171,716	90,451	262,167	25,172	2,898	28,070	290,237
BBB+	86,960	27,096	114,056	166,515	5,377	171,892	285,948
BBB	80,239	35,966	116,205	50,598	2,549	53,147	169,352
BBB–	49,188	21,474	70,662	26,541	1,575	28,116	98,778
BB+	14,279	14,142	28,421	22,084	753	22,837	51,258
BB	10,447	—	10,447	7,841	—	7,841	18,288
BB–	9,681	14,349	24,030	—	—	—	24,030
B+	353	—	353	23,342	120	23,462	23,815
B	14,074	—	14,074	—	—	—	14,074
B–	8,510	2,702	11,212	—	—	—	11,212
CCC+	3,778	444	4,222	—	—	—	4,222
CCC	26,482	—	26,482	—	—	—	26,482
CCC–	3,588	—	3,588	—	—	—	3,588
CC	10,411	—	10,411	—	—	—	10,411
D	5,503	—	5,503	—	—	—	5,503
NR	100,715	11,250	111,965	23,623	2,757	26,380	138,345
Total Credit Risk Debt Securities	1,954,477	881,671	2,836,148	643,954	88,290	732,244	3,568,392
U.S. Government and Agencies *	1,182,733	—	1,182,733	781,872	380	782,252	1,964,985
Pooled Investments	612	2,522	3,134	—	—	—	3,134
Total Debt Securities Investments	$ 3,137,822	$ 884,193	$ 4,022,015	$ 1,425,826	$ 88,670	$ 1,514,496	$ 5,536,511

***** U.S. Government and Agencies investments are comprised of 53 percent Fannie Mae, 19 percent Federal Home Loan Mortgage Company, and 9 percent Ginnie Mae government mortgage backed securities and 19 percent in U.S. Treasury Bonds. Implicitly guaranteed government agencies and instrumentalities are included in the quality ratings above.

Custodial Credit Risk — Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2012, except those of the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), were held by the State or in the State's name by the State's custodial banks; except $619 thousand of repurchase agreements where the underlying securities were uninsured and held by the investment's counterparty, not in the name of the State.

At December 31, 2011, the URS investments were registered in the name of URS and held by their custodians; however, there is $12.104 million frictional cash and cash equivalents subject to custodial risk in foreign banks held in URS' name, but because it is in foreign banks it is subject to custodial risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks. URS also has $82.962 million of investments for which exposure to custodial credit risk could not be determined.

Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), the primary government's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the

total dollar amount held in the portfolio. Funds that follow Rule 2 of the Money Management Council are limited to investments in equity securities and fixed income corporate securities to no more than 5 percent of all funds in any one issuer and no more than 25 percent of all funds in any one industry. No more than 5 percent of all funds may be invested in securities of a corporation that has been in continuous operation for less than three years. No more than 5 percent of the outstanding voting securities of any one corporation may be held. In addition, Rule 2 limits investment concentrations in certain types of investments. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had no debt securities investments at June 30, 2012, with more than 5 percent of the total investments in a single issuer.

The Utah Retirement Systems debt securities investments had no single issuer investments at December 31, 2011, that exceed their diversified portfolio by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA–/Aa3 Debt Securities or higher — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A–/A3 Debt Securities or higher — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB–/Baa3 Debt Securities or higher — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.
- For International Equity Securities — no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, except the Utah Retirement Systems (URS) (pension and other employee benefit trust funds), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has $374.748 million and the Trust Lands (permanent fund) has $254.164 million invested in international equity funds. As such, no currency denomination is presented.

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds), expect the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment manager's contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS exposure to foreign currency risk is shown below.

(Table on next page.)

Utah Retirement Systems
(pension and other employee benefit trust funds)
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2011
(Expressed in Thousands)

	Defined Benefit Plans				Defined Contribution Plans			Total All Systems
Currency	**Short Term**	**Debt**	**Equity**	**Total**	**Equity**	**Debt**	**Total**	**And Plans**
ADR* US dollar	$ —	$ 6,787	$ 829,319	$ 836,106	$ 6,278	$ 23,470	$ 29,748	$ 865,854
Argentine peso	—	—	1,442	1,442	—	—	—	1,442
Australian dollar	1,755	28,586	69,504	99,845	17,593	1,307	18,900	118,745
Bahraini – US dollar	—	1,531	—	1,531	6	—	6	1,537
Bermuda – US dollar	—	1,766	—	1,766	1,185	58	1,243	3,009
Brazilian real	—	12,837	6,225	19,062	9,359	405	9,764	28,826
British pound sterling	4,199	243,948	361,292	609,439	42,989	9,192	52,181	661,620
Canadian dollar	763	67,475	118,704	186,942	25,165	6,069	31,234	218,176
Cayman Islands dollar	—	3,698	—	3,698	2,057	157	2,214	5,912
Chilean peso	—	848	—	848	1,195	645	1,840	2,688
Chinese yuan renminbi	—	—	24,989	24,989	7,927	—	7,927	32,916
Columbian peso	—	—	—	—	589	—	589	589
Congolese franc	—	—	—	—	10	—	10	10
Croatian kuna	—	5,114	—	5,114	—	—	—	5,114
Czech koruna	—	—	—	—	232	—	232	232
Danish krone	111	700	11,519	12,330	2,182	—	2,182	14,512
Egyptian pound	—	—	—	—	211	—	211	211
Euro	8,758	244,273	530,390	783,421	55,657	19,760	75,417	858,838
French Pacific franc	—	—	—	—	6	—	6	6
Gibraltar pound	—	—	—	—	33	—	33	33
Guernsey pound	—	203	—	203	—	—	—	203
Hong Kong dollar	1,099	4,565	55,673	61,337	6,922	—	6,922	68,259
Hungarian forint	—	9,449	—	9,449	179	(590)	(411)	9,038
Icelandic krona	—	2,152	—	2,152	—	—	—	2,152
Indian rupee	25	2,737	18,188	20,950	4,189	—	4,189	25,139
Indonesian rupiah	—	—	—	—	2,155	—	2,155	2,155
Isle of Man pound	—	—	—	—	134	—	134	134
Japanese yen	3,849	77,490	428,307	509,646	44,766	20,753	65,519	575,165
Korean won	—	8,724	30,913	39,637	10,273	—	10,273	49,910
Latvian lat	—	828	—	828	—	412	412	1,240
Malaysian ringgit	—	1,986	9,507	11,493	2,578	—	2,578	14,071
Mauritian rupee	—	—	1,134	1,134	67	2,286	2,353	3,487
Mexican peso	—	18,269	—	18,269	2,982	—	2,982	21,251
Moroccan dirham	—	—	—	—	100	—	100	100
Netherlands Antillean gulden	—	3,382	—	3,382	—	—	—	3,382
New Israeli shekel	69	6,026	15,599	21,694	1,378	—	1,378	23,072
New Zealand dollar	58	—	678	736	362	109	471	1,207
Norwegian krone	92	21,166	11,867	33,125	1,785	897	2,682	35,807
Peruvian nuevo soles	—	—	685	685	183	—	183	868
Philippines peso	—	—	3,076	3,076	528	—	528	3,604
Polish zloty	—	12,583	—	12,583	893	869	1,762	14,345
Qatari riyal	—	931	—	931	—	313	313	1,244
Russian Federation ruble	—	8,946	—	8,946	3,798	—	3,798	12,744
Singaporean dollar	114	29,536	27,581	57,231	3,249	1,427	4,676	61,907
South African rand	—	—	—	—	5,399	195	5,594	5,594
Swedish krona	685	37,191	31,729	69,605	6,049	1,544	7,593	77,198
Swiss franc	797	17,734	149,151	167,682	16,279	(846)	15,433	183,115
Taiwanese new dollar	6	—	2,212	2,218	7,850	—	7,850	10,068
Thai baht	—	—	1,934	1,934	1,466	—	1,466	3,400
Turkish lira	—	—	2,945	2,945	912	—	912	3,857
United Arab Emirates dirham	—	2,325	2,482	4,807	—	—	—	4,807
Venezuelan bolivar	—	407	—	407	—	238	238	645
Total Securities Subject to Foreign Currency Risk…	$ 22,380	$ 884,193	$ 2,747,045	$ 3,653,618	$ 297,150	$ 88,670	$ 385,820	$ 4,039,438

***** American Depository Receipts

B. **Component Units**

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the component unit's deposits may not be recovered.

The component units follow the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act. The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the component units at June 30, 2012, were $244.547 million. Of these, $191.45 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The component units follow the applicable investing criteria described above for the primary government, with the exception of Utah Housing Corporation and Public Employees Health Program which are exempt from the Money Management Act.

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the Entity to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any investments allowed by the Money Management Act or any of the following subject to satisfying certain criteria: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor's directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The component units' debt investments at June 30, 2012, are presented below.

Component Units Debt Securities Investments
At June 30, 2012
(Expressed in Thousands)

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**11–20**	**More Than 20**
Debt Securities						
U.S. Treasuries	$ 419,898	$ 269,207	$ 148,941	$ 1,181	$ 569	$ —
U.S. Agencies	877,775	318,100	190,227	127,726	176,228	65,494
Corporate Debt	358,910	141,517	122,953	77,975	14,490	1,975
Commercial Paper	32,750	32,750	—	—	—	—
Money Market Mutual Funds	375,647	375,647	—	—	—	—
Negotiable Certificates of Deposit	4,744	3,213	1,531	—	—	—
Municipal/Public Bonds	26,089	—	3,719	8,322	13,972	76
Repurchase Agreements	55,025	55,025	—	—	—	—
Guaranteed Investment Contracts	114,037	—	14,907	—	99,130	—
Bond Mutual Funds	249,785	13,123	32,728	198,732	5,071	131
Securities Lending Cash Collateral Pool	28,619	28,619	—	—	—	—
Utah Public Treasurer's Investment Fund	670,383	670,383	—	—	—	—
Total Debt Securities Investments	3,213,662	$ 1,907,584	$ 515,006	$ 413,936	$ 309,460	$ 67,676
Other Investments						
Equity Securities	24,031					
Equity Mutual Funds Securities:						
Domestic	72,801					
International	2,218					
Alternatives	10,964					
Total Investments	$ 3,323,676					

Interest Rate Risk — Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units' policy for managing interest rate risk is the same as described above for the primary government.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The component units' policy for reducing exposure to investment credit risk is the same as described above for the primary government. The component units'

debt investments as of June 30, 2012, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Component Units Rated Debt Investments
At June 30, 2012
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 877,775	$ 392,067	$ 471,812	$ 12,737	$ 1,159
Corporate Debt	$ 358,910	$ 2,096	$ 30,464	$ 240,368	$ 53,856
Commercial Paper	$ 32,750	$ —	$ —	$ —	$ —
Money Market Mutual Funds	$ 375,647	$ 233,178	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ 4,744	$ 483	$ —	$ 2,907	$ —
Municipal/Public Bonds	$ 26,089	$ 12,489	$ 13,600	$ —	$ —
Guaranteed Investment Contracts	$ 114,037	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 249,785	$ —	$ 83,623	$ 1,146	$ 684
Securities Lending Cash Collateral Pool	$ 28,619	$ —	$ —	$ —	$ —
Utah Public Treasurer's Investment Fund	$ 670,383	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 33,682	$ —	$ 29,000	$ —	$ —
Money Market Mutual Funds	$ 21,343	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	A1 *	Unrated
U.S. Agencies	$ —	$ —	$ —	$ —
Corporate Debt	$ 9,473	$ 955	$ —	$ 21,698
Commercial Paper	$ —	$ —	$ 32,750	$ —
Money Market Mutual Funds	$ —	$ —	$ —	$ 142,469
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 1,354
Municipal/Public Bonds	$ —	$ —	$ —	$ —
Guaranteed Investment Contracts	$ —	$ —	$ —	$ 114,037
Bond Mutual Funds	$ 456	$ —	$ —	$ 163,876
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 28,619
Utah Public Treasurer's Investment Fund	$ —	$ —	$ —	$ 670,383
Repurchase Agreements – Underlying:				
U.S. Agencies	$ —	$ —	$ —	$ 4,682
Money Market Mutual Funds	$ —	$ —	$ —	$ 21,343

***** A1 is Commercial Paper rating

Custodial Credit Risk — Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The component units do not have a formal policy for custodial credit risk.

The various component units' investments at June 30, 2012, were held by the component unit or in the name of the component unit by the component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the component unit, and were held by (expressed in thousands):

Counterparty	
U.S. Treasuries	$ 338,957
U.S. Agencies	$ 714,999
Corporate Debt	$ 70,472
Equity Securities – Domestic	$ 5,618
Municipal/Public Bonds	$ 15,922
Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 53,481
U.S. Agencies	$ 1,003
Corporate Debt	$ 79,141
Repurchase Agreements	$ 21,343

Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Utah Housing Corporation and Public Employees Health Program, the component units' policy for reducing this risk of loss is the same as described above for the primary government for non-endowment funds. For college and university endowments funds, their policy for reducing this risk of loss is to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents.

The Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than five percent of the Corporation's investments are in the Federal National Mortgage Association, CDC Guaranteed Investment Contracts, and Trinity investments. These investments are 11.1 percent, 9.39 percent, and 11.23 percent, respectively, of the Corporation's total investments.

Public Employees Health Program's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to investments in U.S. Government and Agency Securities. All investments are within policy limits.

The University of Utah held more than 5 percent in the Federal Home Loan Bank and the Federal Farm Credit Bank. This investment represents 20.1 percent and 8.4 percent, respectively, of the University's total investments.

Utah State University held more than 5 percent of total investments in securities of the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. These investments represent 9.08 percent, 8.74 percent and 13.3 percent, respectively; of the University's total investments.

Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The component units do not have a formal policy to limit foreign currency risk. Dixie State College of Utah's Foundation (nonmajor component unit) has $2.218 million invested in international equities and, as such, no currency denomination is presented.

C. **Securities Lending**

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) and the Public Employees Health Program (PEHP) (major component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 102 percent of the market value of the domestic securities on loan (respectively for URS and PEHP) and 105 percent of the market value of the international securities on loan (URS only), with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither the Utah Retirement Systems nor Public Employees Health Program had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $1.688 billion and $28.235 million, respectively, and the collateral received for those securities on loan was $1.733 billion and $28.619 million, respectively. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

D. **Derivative Financial Instruments**

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension and other employee benefit trust funds) invests in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statements of Fiduciary Net Assets–Pension and Other Employee Benefit Trust Funds. By policy, portfolio liabilities associated with investments shall be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2011, URS had five types of derivative financial instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts.

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains or losses in the Statement of Changes in Fiduciary Net Assets. At December 31, 2011 and December 31, 2010, URS' investments had the following notional futures balances as shown in the table below.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Futures — Notional Value
At December 31
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans	
	2011	**2010**	**2011**	**2010**
Cash and Cash Equivalent				
Derivative Futures:				
Short	$ (66,714)	$ —	$ (3,639)	$ —
Equity				
Derivative Futures:				
Long	945,839	810,942	22,360	—
Short	—	(539,318)	—	—
Fixed Income				
Derivative Futures:				
Long	192,591	230,455	6,330	—
Short	(762,049)	(930,580)	(18,436)	—
Total Futures	$ 309,667	$ (428,501)	$ 6,615	$ —

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions. At December 31, 2011 and December 31, 2010, URS investments included the following currency forwards balances (expressed in thousands):

Currency Forwards	**2011 Fair Value**	**2010 Fair Value**
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans	$ 9,119	$ 5,003
Defined Contribution Plans	493	(3)
Total Currency Forwards	$ 9,612	$ 5,000

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2011 and December 31, 2010, URS investments had the following options balances (expressed in thousands):

Options	**2011 Notional Market Value**	**2010 Notional Market Value**
Fixed Income:		
Call	$ 35	$ —
Swaptions:		
Call	(13,524)	(4,132)
Put	(443)	(1,995)
Total Options	$ (13,932)	$ (6,127)

URS has entered into various inflation and interest rate swap agreements in an attempt to manage their exposure to inflation and interest rate risk. Inflation risk represents the exposure to fair value losses arising from inflation, while interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. In an inflation swap one party pays a fixed rate on a notional principal amount to a counterparty, who in turn agrees to make return payments associated with a floating rate linked to an inflation index. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those interest rate swaps allowed URS to effectively convert most of their long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. All swap instruments contain collateral clauses. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Assets. Swap market values are determined by an independent third party. At December 31, 2011 and December 31, 2010, URS investments had the swap market value balances as shown in the table below.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Interest Rate Swaps
At December 31, 2011
(Expressed in Thousands)

	Outstanding Notional Amount*	URS Rate	Counterparty Rate	Maturity Date	2011 Fair Value	2010 Fair Value
Real Estate Portfolio Interest Rate Swaps:*****	$1,072,693	4.308 % – 5.464 %	One Month LIBOR**	2012–2021	$ (107,338)	$ (106,499)
Fixed Income Portfolio Interest Rate Swaps:	$ 115,039	0.9375 % – 5.503 %	Three Month LIBOR**	2012–2041	$ (166)	$ 4,629
	189,000	Three Month LIBOR**	0.739 % – 4.057 %	2013–2040	589	(38)
	5,010	USCPIU***	2.650 % – 2.940 %	2020–2030	—	25
	2,100	1.907 % (EUR)	Six Month EURIBOR****	2016	24	—
Total Fixed Income Interest Rate Swaps	$ 311,149				$ 447	$ 4,616

* Base used to calculate interest
** London Interbank Offered Rate (LIBOR)
*** USCPI Urban Consumer Not Seasonally Adjusted Index (USCPIU)
**** Euro Interbank Offered Rate (EURIBOR)
***** The $1.073 billion includes $284.25 million of Real Estate Portfolio Swaps that expired in 2011

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized at December 31, 2011, if all counterparties fail to perform as contracted is $1.15 billion. The maximum exposure is reduced by $1.257 billion of liabilities, resulting in no net exposure to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are noted below. At December 31, 2011, the counterparties' credit ratings for currency forwards, swaptions, and swaps are subject to credit risk as shown in the table below.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Credit Risk Derivatives at Fair Value
At December 31, 2011
(Expressed in Thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA	$ 1,188	$ —	$ —	$ 1,188
AA–	(486)	—	(7,636)	(8,122)
A+	8,311	(11,281)	(680)	(3,650)
A	586	—	6	592
A–	13	(2,686)	(98,581)	(101,254)
N/A	—	35	—	35
Total	$ 9,612	$ (13,932)	$ (106,891)	$ (111,211)

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging AA– and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts at December 31, 2011 is $856.293 million and the market value is $887.734 million. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are also noted below.

Utah Retirement Systems
(pension and other employee benefit trust funds)
Synthetic Guaranteed Investment Contracts Underlying Investments
At December 31, 2011
(Expressed in Thousands)

	1–5 Year Government Credit		Intermediate Government Credit		Total Underlying Investments	
	Fair Value	Market Value	Fair Value	Market Value	Fair Value	Market Value
Asset Backed Securities	$ 32,838	$ 33,445	$ 19,173	$ 20,388	$ 52,011	$ 53,833
Agencies	168,104	171,211	96,595	102,715	264,699	273,926
Corporates	65,828	67,045	61,033	64,900	126,861	131,945
Mortgage Backed Securities	62,372	63,524	16,911	17,983	79,283	81,507
Treasuries	93,380	95,106	109,053	115,962	202,433	211,068
Commercial Mortgage Back Securities	83,569	85,113	32,778	34,855	116,347	119,968
Cash	2,237	2,278	12,422	13,209	14,659	15,487
Total	$ 508,328	$ 517,722	$ 347,965	$ 370,012	$ 856,293	$ 887,734

Utah Retirement Systems
(pension and other employee benefit trust funds)
Wrap Contracts
At December 31, 2011
(Expressed in Thousands)

	Fair Value	Market Value	Rate	Duration	Quality Ratings
Issued Wrap Contracts	$ 856,293	$ 887,734	1.78% – 3.37%	2.27 – 3.55	A+ – AA
Repurchase	44,087	44,087	.02%		
Total	$ 900,380	$ 931,821			

Student Assistance Program

The following are disclosures for derivative financial instruments held by Student Assistance Program (major proprietary fund).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE (the "Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of net assets as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

Trade Date:	December 21, 2010
Effective Date	December 30, 2010
Termination Date	November 1, 2030
Initial Notional Amount	$364,150,000
Board Pays Floating	3 Month LIBOR + 1.64905%
Counterparty Pays Fixed	Stepped fixed rates ranging from 4.664% to 5.000%
Payment Dates	The 1st day of May and November

(Swap agreement information continues on the next page)

Changes in the fair value of the swap agreement and the ending fair value of the swap agreement are summarized below:

Student Assistance Program
Change in Fair Value
For Fiscal Years Ending June 30
(Expressed in Thousands)

Derivative	Fair Value at June 30, 2012	Fair Value at June 30, 2011	Change in Fair Value
Interest Rate Exchange	$ 39,621	$ 1,136	$ 38,485

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Credit Risk — The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's current ratings are "Aa3", "AA–" and "AA" by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively.

The Board is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Board's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparties' short-term and long-term credit ratings fall below "A-1" and "A," respectively, as issued by Standard & Poor's or below "Prime-1" and "A2," respectively, as issued by Moody's Investors Service. Collateral posted is to be in the form of cash, U.S. Treasury securities or agency securities held by a third-party custodian. The Board has never failed to access collateral when required.

It is the Board's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the nondefaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the nondefaulting party.

Interest Rate Risk — The risk that the debt service costs associated with variable rate debt increases and negatively affects coverage ratios and cash flow margins. The Board is exposed to interest rate risk; as the 3 month LIBOR rate increases, the net payment on the swap agreement increases.

Basis Risk — The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty and is receiving a fixed rate payment in return, basis risk is not applicable.

Termination Risk — The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit, and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2012.

Rollover Risk — The risk that the maturity of the swap contract is not coterminous with the maturity of the related bonds. The swap agreement and the underlying bonds have a final maturity date of November 1, 2030.

Utah Housing Corporation

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major component unit).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Corporation has entered into 73 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2012. Based on the assumption that the payments on the variable rate debt will be substantially offset by the receipts on the interest rate swaps, the net cost associated with the synthetic fixed rate structure over the life of the bonds will be less than what the Corporation would have paid had it issued fixed rate debt. The Corporation's swaps are all similar in nature and summary information is included in this report. More detailed information about each swap is included in the Corporation's separately issued financial statements.

Terms, Fair Values, and Credit Risk — The terms, including the fair values of the outstanding swaps as of June 30, 2012, are summarized below. The notional amounts of the swaps matched the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable.

Utah Housing Corporation
Interest Rate Swap Agreements
At June 30, 2012
(Expressed in Thousands)

Outstanding Notional Amount	Effective Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Swap Termination Dates
$ 465,700	2008	3.920 % to 5.610 %	SIFMA* plus 0.27 %	$ (75,002)	2021 – 2030
124,000	2008	3.730 % to 4.253 %	SIFMA* plus 0.11 %	(22,432)	2026 – 2030
35,600	2008	3.713 % to 4.000%	SIFMA* plus 0.08 %	(7,447)	2027 – 2032
14,000	2008	3.299 % to 3.299 %	SIFMA*	(1,527)	2023
18,165	2008	4.755 % to 7.470%	LIBOR** plus 0.15 %	(2,076)	2012 – 2020
25,610	2008	5.301 % to 5.545 %	LIBOR** plus 0.01 %	(2,215)	2038
$ 683,075				$(110,699)	

***** Securities Industry and Financial Markets Association
****** London Interbank Offered Rate

Fair Values — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The Corporation has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness. All of the Corporation's derivative instruments were deemed to be effective, and the Corporation has deferred the changes in fair value for these derivatives and has reported them as deferred outflow of resources in non-current assets, and derivative instrument swap liability in non-current liabilities in the amount of $110.7 million as of June 30, 2012, compared to $82.8 million in the prior year, resulting in an overall decrease in the change in fair value of $27.9 million.

Credit Risk —The Corporation's swap contracts do not require it to post collateral at any time. The Corporation believes that the high credit rating by both parties will mitigate most credit risk associated with the derivatives' fair value. During the year ended June 30, 2009, the Corporation received a net gain of $8.903 million in connection with the replacement of their swaps. This net gain is represented in the financial statements as deferred revenue and is being amortized over the life of the swap agreements. The ability to acquire replacement swaps demonstrates a strong mitigating factor associated with credit and fair value risks.

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments have historically been substantially the same as the SIFMA rate. Its taxable variable-rate bond coupon payments have historically been substantially the same as the LIBOR rate. At June 30, 2012, the weighted average interest rate on Corporation's variable-rate hedged debt is 0.18 percent, while the SIFMA swap index is 0.18 percent and the one month LIBOR is 0.245 percent. As the interest rate swaps pay a variable rate based on the SIFMA rate (tax-exempt debt), or the LIBOR rate (taxable debt), the Corporation therefore has limited exposure to basis risk except as disclosed under the Cross-over Risk.

Cross-over Risk — Forty-nine of the Corporation's SIFMA based swaps are exposed to additional basis risk if the LIBOR rate is 3.5 percent or greater and in some cases 4 percent or greater. When the LIBOR rate is greater than 3.5 percent or 4 percent, the provider will pay the Corporation 68 percent of the LIBOR rate, rather than the SIFMA rate. Historically, on average, 68 percent of the LIBOR rate has been substantially the same as the Corporation's tax-exempt variable-rate bond coupon payments. However, this relationship has been subject to more basis risk than the relationship between SIFMA and the Corporations tax-exempt variable-rate bond payments.

Termination Risk — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, the Corporation has the option to terminate at any time at market rates (i.e., fair value adjusted for the counterparty's transaction costs).

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2012, the Corporation's swap termination dates ranged from 0 to 17 years prior to the maturity dates of the associated debt.

Forward Sales Contracts — Forward sales securities commitments and private sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2012, the Corporation had executed six forward sales transactions with a $39.3 million notional amount and a $(282) thousand fair market value. The forward sales are scheduled to settle by August 20, 2012.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment fund. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or

minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7*)*. The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. The PTIF may maintain an interest reserve to stabilize the monthly apportionment of interest. Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2012, are as follows:

Public Treasurer's Investment Fund
Statement of Net Assets
June 30, 2012
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 1,516,563
Investments	8,207,560
Total Assets	$ 9,724,123
Net Assets Consist of:	
External Participant Account Balances	$ 6,057,535
Internal Participant Account Balances:	
Primary Government	2,983,835
Component Units	674,981
Unrealized Gains/Losses	7,772
Net Assets	$ 9,724,123
Participant Account Balance Net Asset Valuation Factor	1.0058628

(Notes continue on next page)

Public Treasurer's Investment Fund
Statement of Changes in Net Assets
For the Fiscal Year Ended June 30, 2012
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 11,593,367
Investment Income:	
Investment Earnings	65,210
Fair Value Increases (Decreases)	4,060
Total Investment Income	69,270
Less Administrative Expenses	(429)
Net Investment Income	68,841
Total Additions	11,662,208
Deductions	
Pool Participant Withdrawals	11,680,312
Earnings Distributions	64,781
Total Deductions	11,745,093
Net Increase/(Decrease) From Operations	(82,885)
Net Assets	
Beginning of Year	9,807,008
Net Assets – End of Year	$ 9,724,123

Public Treasurer's Investment Fund
Portfolio Statistics
At June 30, 2012

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	0.12 % – 0.60 %	2.00 days
Certificates of Deposit – Negotiable	0.60 % – 1.10 %	35.57 days
Certificates of Deposit – Nonnegotiable	0.30 % – 0.50 %	133.00 days
U.S. Agencies	0.50 % – 0.50 %	433.00 days
Corporate Bonds and Notes	0.35 % – 4.72 %	102.97 days
Commercial Paper	0.21 % – 0.81%	18.92 days

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	0.71 %	86.26 days

Deposits and Investments

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2012, were $3.501 million. Of those, $2.75 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2012, are presented below.

Public Treasurer's Investment Fund Investments
At June 30, 2012
(Expressed in Thousands)

		Investment Maturities (in years)	
Investment Type	**Fair Value**	**Less Than 1**	**1–5**
Debt Securities			
U.S. Agencies	$ 20,006	$ —	$ 20,006
Corporate Bonds and Notes	7,844,987	7,818,971	26,016
Negotiable Certificates of Deposit	179,408	179,408	—
Money Market Mutual Funds	1,150,000	1,150,000	—
Commercial Paper	477,314	477,314	—
	$ 9,671,715	$ 9,625,693	$ 46,022

The majority of the PTIF's U.S. agencies and corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

Interest Rate Risk — Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2012, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

(Notes continue on next page)

Public Treasurer's Investment Fund Rated Debt Investments
At June 30, 2012
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AA	A	BBB	A1 *
U.S. Agencies	$ 20,006	$ 20,006	$ —	$ —	$ —
Corporate Bonds and Notes	$ 7,844,987	$ 764,741	$ 5,990,945	$ 1,089,301	$ —
Negotiable Certificates of Deposit	$ 179,408	$ 50,060	$ 129,348	$ —	$ —
Money Market Mutual Funds	$ 1,150,000	$ —	$ —	$ 100,000	$ —
Commercial Paper	$ 477,314	$ —	$ —	$ —	$ 317,436

Continues Below

Debt Investments	Quality Ratings A2 *	Not Rated
U.S. Agencies	$ —	$ —
Corporate Bonds and Notes	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —
Money Market Mutual Funds	$ —	$ 1,050,000
Commercial Paper	$ 159,878	$ —

***** A1 and A2 are Commercial Paper ratings

Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2012, with more than 5 percent of the total investments in a single issuer.

(Notes continue on next page.)

NOTE 5. RECEIVABLES

Receivables as of June 30, 2012, consisted of the following (in thousands):

	Accounts Receivable					Notes/
	Federal	Customer	Other	Interest	Taxes	Mortgages
Governmental Activities:						
General Fund	$ 282,310	$ 239,909	$ 21,875	$ 35	$ 241,119	$ 2,144
Education Fund	147,795	6	1,295	—	743,724	12,504
Transportation Fund	96,416	9,129	2,186	—	51,622	163
Transportation Investment Fund	—	—	—	—	20,192	—
Trust Lands	—	—	5,022	930	—	15,020
Nonmajor Funds	6,162	11,634	—	21	—	—
Internal Service Funds	—	4,060	886	—	—	2,123
Adjustments:						
Fiduciary Funds	—	—	195	—	—	—
Other	—	5,757	—	—	—	—
Total Receivables	532,683	270,495	31,459	986	1,056,657	31,954
Less Allowance for Uncollectibles:						
General Fund	—	(66,477)	—	—	(19,351)	(1,345)
Education Fund	—	—	—	—	(178,911)	—
Transportation Fund	—	—	(441)	—	(870)	—
Transportation Investment Fund	—	—	—	—	(1,884)	—
Receivables, net	$ 532,683	$ 204,018	$ 31,018	$ 986	$ 855,641	$ 30,609
Current Receivables	$ 532,683	$ 166,849	$ 26,351	$ 986	$ 747,294	$ 3,420
Noncurrent Receivables	—	37,169	4,667	—	108,347	27,189
Total Receivables, net	$ 532,683	$ 204,018	$ 31,018	$ 986	$ 855,641	$ 30,609
Business-type Activities:						
Student Assistance Programs	$ 8,289	$ 2,661	$ 1,525	$ 20,852	$ —	$ 1,587,865
Unemployment Compensation	2,400	181,517	—	—	—	—
Water Loan Programs	2,389	138	—	10,602	2,469	698,801
Community Impact Loan Fund	—	—	—	4,012	—	423,648
Nonmajor Funds	3,003	12,775	—	2,585	—	143,628
Total Receivables	16,081	197,091	1,525	38,051	2,469	2,853,942
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(3,979)
Unemployment Compensation	—	(59,784)	—	—	—	—
Receivables, net	$ 16,081	$ 137,307	$ 1,525	$ 38,051	$ 2,469	$ 2,849,963

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

Aggregated receivables for component units at June 30, 2012, were $1.5 billion for major component units and $75.403 million for nonmajor component units, net of an allowance for doubtful accounts of $210.141 million and $10.845 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2012, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 65,142	$ 281,281	$ 37,124	$ 83,100	$ 6,675	$ —	$ 473,322
Education Fund	3,221	2,199	20,447	127,753	33,279	—	186,899
Transportation Fund	7,029	447	143,654	39,523	1,454	—	192,107
Nonmajor Funds	186	—	43,174	3,682	—	78,446	125,488
Internal Service Funds	6,435	19	19,672	—	—	3	26,129
Adjustments:							
Fiduciary Funds	—	—	—	5,587	—	—	5,587
Other	—	—	—	—	—	1,381	1,381
Total Governmental Activities	$ 82,013	$ 283,946	$ 264,071	$ 259,645	$ 41,408	$ 79,830	$1,010,913
Business-type Activities:							
Student Assistance Programs	$ 1,639	$ —	$ 4,976	$ 8,413	$ —	$ 3,826	$ 18,854
Unemployment Compensation	—	955	—	101	—	—	1,056
Water Loan Programs	—	—	360	—	—	—	360
Community Impact Loan Fund	8	—	—	350	—	—	358
Nonmajor Funds	2,280	—	9,602	—	—	546	12,428
Total Business-type Activities	$ 3,927	$ 955	$ 14,938	$ 8,864	$ 0	$ 4,372	$ 33,056

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job services and health services; (***3***) vendors and miscellaneous suppliers; (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Assets. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Assets.

(Notes continue on next page.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2012, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund	$ 182
Transportation Fund	545
Trust Lands Fund	3
Nonmajor Governmental Funds	1,302
Unemployment Compensation Fund	7,380
Water Loan Programs	25
Community Impact Loan Fund	2
Nonmajor Enterprise Funds	14,885
Internal Service Funds	832
Fiduciary Funds	71
Total due to General Fund from other funds	$ 25,227
Due to Education Fund from:	
General Fund	$ 304
Nonmajor Governmental Funds	10
Unemployment Compensation Fund	631
Internal Service Funds	7
Total due to Education Fund from other funds	$ 952
Due to Transportation Fund from:	
General Fund	$ 214
Nonmajor Governmental Funds	2
Nonmajor Enterprise Funds	2
Internal Service Funds	30
Total due to Transportation Fund from other funds	$ 248
Due to Trust Lands Fund from Nonmajor Enterprise Funds	$ 4,726
Due to Nonmajor Governmental Funds from:	
General Fund	$ 2,592
Transportation Fund	194
Nonmajor Enterprise Funds	1
Internal Service Funds	47
Fiduciary Funds	115
Total due to Nonmajor Governmental Funds from other funds	$ 2,949
Due to Water Loan Programs from:	
General Fund	$ 235
Trust Lands Fund	16
Nonmajor Governmental Funds	11,652
Total due to Water Loan Programs from other funds	$ 11,903
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 334
Education Fund	41
Transportation Fund	168
Nonmajor Governmental Funds	12,110
Water Loan Programs	17
Internal Service Funds	4
Total due to Nonmajor Enterprise Funds from other funds	$ 12,674
Due to Internal Service Funds from:	
General Fund	$ 20,841
Education Fund	179
Transportation Fund	3,716
Nonmajor Governmental Funds	1,339
Nonmajor Enterprise Funds	472
Internal Service Funds	29
Fiduciary Funds	9
Total due to Internal Service Funds from other funds	$ 26,585
Due to Fiduciary Funds from:	
General Fund	$ 2,539
Education Fund	1,830
Transportation Fund	331
Trust Lands Fund	56
Nonmajor Governmental Funds	831
Total due to Fiduciary Funds from other funds	$ 5,587
Total Due to/Due froms	$ 90,851

These balances resulted from the time lags between the dates that: (***1***) interfund goods and services are provided or reimbursable expenditures occur; (***2***) transactions are recorded in the accounting system; and (***3***) payments between funds are made.

Interfund Loans

At June 30, 2012, interfund loans receivable/payable balances consist of $47.998 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $47.998 million includes $13.537 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(Notes continue on next page.)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,540,553	$ 97,346	$ (12,803)	$ 1,625,096
Infrastructure	10,881,795	321,656	(7,433)	11,196,018
Construction-In-Progress	1,423,794	1,161,998	(624,067)	1,961,725
Total Capital Assets Not Depreciated/Amortized	13,846,142	1,581,000	(644,303)	14,782,839
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	1,753,787	27,877	(179)	1,781,485
Infrastructure	60,988	624	—	61,612
Machinery and Equipment	486,040	37,487	(26,577)	496,950
Intangible Assets–Software	166,029	17,720	(619)	183,130
Total Capital Assets Depreciated/Amortized	2,466,844	83,708	(27,375)	2,523,177
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(584,294)	(49,825)	152	(633,967)
Infrastructure	(20,070)	(2,220)	—	(22,290)
Machinery and Equipment	(332,747)	(28,452)	23,605	(337,594)
Intangible Assets–Software	(68,646)	(19,454)	619	(87,481)
Total Accumulated Depreciation/Amortization	(1,005,757)	(99,951)	24,376	(1,081,332)
Total Capital Assets Depreciated/Amortized, Net	1,461,087	(16,243)	(2,999)	1,441,845
Capital Assets, Net	$15,307,229	$1,564,757	$ (647,302)	$16,224,684
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 22,485	$ 270	$ —	$ 22,755
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	90,697	790	—	91,487
Infrastructure	304	—	—	304
Machinery and Equipment	14,841	891	(112)	15,620
Intangible Assets–Software	791	780	—	1,571
Total Capital Assets Depreciated/Amortized	106,633	2,461	(112)	108,982
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(17,012)	(3,030)	—	(20,042)
Infrastructure	(86)	(7)	—	(93)
Machinery and Equipment	(11,035)	(989)	108	(11,916)
Intangible Assets–Software	(279)	(196)	—	(475)
Total Accumulated Depreciation/Amortization	(28,412)	(4,222)	108	(32,526)
Total Capital Assets Depreciated/Amortized, Net	78,221	(1,761)	(4)	76,456
Capital Assets, Net	$ 100,706	$ (1,491)	$ (4)	$ 99,211

In the beginning balance column above, *buildings and improvements* and *accumulated depreciation buildings and improvements*, governmental activities was decreased by $57.112 million and $1.102 million, respectively, which is a beginning balance adjustment due to a change in interpretation of GASB Statements for a recently completed research facility at Utah State University, as described in Note 2.

Construction-in-progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction-in-progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2012, $344.875 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government	$ 18,398
Human Services and Juvenile Justice Services	6,572
Corrections	5,578
Public Safety	9,864
Courts	6,114
Health and Environmental Quality	4,547
Higher Education	3
Employment and Family Services	9,833
Natural Resources	9,412
Community and Culture	398
Business, Labor, and Agriculture	1,012
Public Education	2,540
Transportation	8,090
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	17,590
Total Depreciation Expense	$ 99,951

Discretely Presented Component Units

The following table summarizes net capital assets reported by the discretely presented component units (in thousands):

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets Not Depreciated/Amortized:						
Land and Related Assets	$ 1,472	$ —	$ 20,381	$ 35,065	$ 117,073	$ 173,991
Art and Special Collections	—	—	61,135	16,019	65	77,219
Construction-In-Progress	—	—	223,992	18,792	53,661	296,445
Total Capital Assets Not Depreciated/ Amortized	1,472	0	305,508	69,876	170,799	547,655
Capital Assets Depreciated/Amortized:						
Building and Improvements	5,064	—	2,599,854	855,261	1,466,942	4,927,121
Infrastructure	—	—	—	—	18,621	18,621
Machinery and Equipment	2,098	1,435	997,334	228,844	201,506	1,431,217
Total Capital Assets Depreciated/Amortized	7,162	1,435	3,597,188	1,084,105	1,687,069	6,376,959
Less Total Accumulated Depreciation/ Amortization	(2,820)	(1,279)	(1,614,332)	(466,163)	(640,798)	(2,725,392)
Total Capital Assets Depreciated/ Amortized, Net	4,342	156	1,982,856	617,942	1,046,271	3,651,567
Discretely Presented Component Units – Capital Assets, Net	$ 5,814	$ 156	$ 2,288,364	$ 687,818	$ 1,217,070	$ 4,199,222

(Notes continue on next page)

NOTE 9. LEASE COMMITMENTS

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were $1.529 million in principal and $1.18 million in interest for fiscal year 2012. As of June 30, 2012, the historical cost of the primary government's assets acquired through capital leases was $41.604 million of which $40.066 million was buildings and land and $1.538 million was equipment and other depreciable assets. As of June 30, 2012, the accumulated depreciation of the primary government's assets acquired through capital leases was $13.728 million of which $12.584 million was buildings and $1.144 million was equipment and other depreciable assets. Of the $190.826 million in component unit present value of future minimum lease payments noted below, $102.54 million relates to capital lease arrangements between the primary government and certain colleges and universities (discrete component units).

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2012 were $29.507 million for the primary government and $26.293 million for component units. For fiscal year 2011, the operating lease expenditures were $27.815 million for the primary government and $29.264 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2012, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

	Operating Leases			Capital Leases		
Fiscal Year	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2013	$ 19,533	$ 26,206	$ 45,739	$ 2,664	$ 27,732	$ 30,396
2014	14,582	22,672	37,254	2,696	24,383	27,079
2015	10,117	20,448	30,565	2,727	23,613	26,340
2016	7,001	15,357	22,358	2,424	19,465	21,889
2017	4,446	11,187	15,633	2,457	16,519	18,976
2018–2022	6,784	41,374	48,158	12,502	49,608	62,110
2023–2027	182	20,881	21,063	6,930	49,761	56,691
2028–2032	11	7,139	7,150	—	37,256	37,256
2033–2037	11	1,365	1,376	—	—	—
2038–2042	10	1,365	1,375	—	—	—
2043–2047	10	1,365	1,375	—	—	—
2048–2052	10	523	533	—	—	—
2053–2057	10	—	10	—	—	—
Total Future Minimum Lease Payments	$ 62,707	$ 169,882	$ 232,589	32,400	248,337	280,737
Less Amounts Representing Interest				(8,130)	(57,511)	(65,641)
Present Value of Future Minimum Lease Payments				$ 24,270	$ 190,826	$ 215,096

NOTE 10. LONG-TERM LIABILITIES

A. **Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2012, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities
(Expressed in Thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 3,128,890	$ 609,920	$ (251,130)	$ 3,487,680	$ 295,470
State Building Ownership Authority Lease Revenue Bonds	220,380	5,250	(15,246)	210,384	13,738
Net Unamortized Premiums	162,003	92,558	(53,582)	200,979	48,094
Deferred Amounts on Refunding	(31,904)	—	5,656	(26,248)	(5,136)
Capital Leases (Note 9)	25,799	—	(1,529)	24,270	1,553
Contracts/Notes Payable	466	—	(20)	446	23
Compensated Absences (Note 1) *	182,543	84,091	(80,933)	185,701	81,489
Claims *	42,731	12,654	(10,685)	44,700	17,013
Pollution Remediation Obligation **	7,083	59	(502)	6,640	467
Net OPEB Obligation (Note 17) *	7,142	1,767	(3,470)	5,439	—
Settlement Obligations ***	38,926	2,307	(7,226)	34,007	19,257
Total Governmental Long-term Liabilities	$ 3,784,059	$ 808,606	$ (418,667)	$ 4,173,998	$ 471,968
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,218,390	$ 547,815	$ (835,783)	$ 930,422	$ 16,120
State Building Ownership Authority Lease Revenue Bonds	92,445	—	(4,284)	88,161	4,438
Water Loan Recapitalization Revenue Bonds	65,800	—	(4,595)	61,205	4,660
Net Unamortized Premiums	29,092	939	(13,114)	16,917	5,098
Deferred Amounts on Refunding	(994)	27,970	(1,531)	25,445	1,777
Contracts/Notes Payable	647,842	—	(95,419)	552,423	—
Claims and Uninsured Liabilities	16,179	451,191	(449,504)	17,866	15,384
Arbitrage Liability (Note 1)	11,968	—	(1,968)	10,000	—
Total Business-type Long-term Liabilities	$ 2,080,722	$ 1,027,915	$ (1,406,198)	$ 1,702,439	$ 47,477
Component Units					
Revenue Bonds	$ 2,353,923	$ 149,940	$ (526,117)	$ 1,977,746	$ 107,881
Net Unamortized Premiums/(Discounts)	2,696	7,489	(401)	9,784	178
Capital Leases/Contracts Payable (Notes 9 and 10)	97,226	122,017	(23,707)	195,536	22,920
Notes Payable	77,657	85,254	(6,601)	156,310	16,097
Claims	117,629	558,668	(540,578)	135,719	72,228
Leave/Termination Benefits (Note 1)	110,100	68,535	(64,376)	114,259	33,654
Total Component Unit Long-term Liabilities	$ 2,759,231	$ 991,903	$ (1,161,780)	$ 2,589,354	$ 252,958

***** Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund. Net OPEB obligation of governmental activities are liquidated in the General Fund.

****** Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are seven sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

******* Under the terms of the Final Settlement Agreement, the State agreed to pay $26 million to the Utah Navajo Royalties Holding Fund (private purpose trust fund) plus $7 million in court and legal fees. $5 million of this liability was paid during the current fiscal year and $1 million the prior fiscal year. The State has additional claims totaling $7.007 million, some that need approval by the Governor, and approval and funding by the Legislature.

B. **General Obligation Bonds**

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2012, the State had $41.9 million, $42.5 million, and $369.5 million of authorized but unissued general obligation building, State land acquisition, and highway bond authorizations remaining, respectively.

During fiscal year 2012, the State issued $609.9 million Series 2011A general obligation bonds. The proceeds were used to provide funds for certain highway projects and various other construction projects.

General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2012
2002 B Refunding Issue	07/31/02	2004–2012	3.00 % to 5.38 %	$ 253,100	$ 59,915
2003 A Highway/Capital Facility Issue	06/26/03	2005–2013	2.00 % to 5.00 %	$ 407,405	107,875
2004 A Refunding Issue	03/02/04	2010–2016	4.00 % to 5.00 %	$ 314,775	234,635
2004 B Highway/Capital Facility Issue	07/01/04	2005–2015	4.75 % to 5.00 %	$ 140,635	15,400
2007 Highway/Capital Facility Issue	07/03/07	2008–2014	4.00 % to 5.00 %	$ 75,000	32,235
2009 A Highway Issue	03/17/09	2010–2019	2.00 % to 5.00 %	$ 394,360	197,365
2009 B Capital Facility Issue	05/19/09	2010–2015	4.00 %	$ 104,450	84,825
2009 C Highway/Capital Facility Issue	09/29/09	2011–2018	2.00 % to 5.00 %	$ 490,410	486,325
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	$ 491,760	491,760
2010 A Highway/Capital Facility Issue	09/30/10	2011–2017	1.75 % to 5.00 %	$ 412,990	373,390
2010 B Highway Issue	09/30/10	2019–2025	3.19 % to 3.54 %	$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016–2019	4.00 % to 5.00 %	$ 172,055	172,055
2011 A Highway/Capital Facility Issue	07/06/11	2012–2026	2.00 % to 5.00 %	$ 609,920	609,920
Total General Obligation Bonds Outstanding					3,487,680
Plus Unamortized Bond Premium					196,843
Less Deferred Amount on Refunding					(24,434)
Total General Obligation Bonds Payable					$ 3,660,089

(*Notes continue on next page*.)

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal						
	2002B Refunding Bonds	2003A Highway/ Capital Facility	2004A Refunding Bonds	2004B Highway/ Capital Facility	2007 Highway/ Capital Facility	2009A Highway Bonds	2009B Capital Facility Bonds
2013	$ 59,915	$ 52,575	$ 11,245	$ 3,575	$ 10,300	$ 23,680	$ 19,950
2014	—	55,300	18,480	3,750	10,720	23,680	20,775
2015.	—	—	73,595	3,950	11,215	23,680	21,600
2016	—	—	73,910	4,125	—	25,265	22,500
2017	—	—	57,405	—	—	25,265	—
2018–2022	—	—	—	—	—	75,795	—
2023–2027	—	—	—	—	—	—	—
Total	$ 59,915	$ 107,875	$ 234,635	$ 15,400	$ 32,235	$ 197,365	$ 84,825

Continues Below

Fiscal Year	Principal					
	2009C Highway/ Capital Bonds	2009D Highway Bonds	2010A Highway/ Capital Facility	2010B Highway Bonds	2010C Refunding Bonds	2011A Highway/ Capital Bonds
2013	$ 35,225	$ —	$ 50,245	$ —	$ —	$ 28,760
2014	97,950	—	55,435	—	—	28,765
2015.	71,545	—	58,035	—	—	28,765
2016	74,080	—	89,635	—	—	28,765
2017	69,165	—	81,125	—	28,510	48,765
2018–2022	138,360	248,600	38,915	233,725	143,545	246,820
2023–2027	—	243,160	—	388,255	—	199,280
Total	$ 486,325	$ 491,760	$ 373,390	$ 621,980	$ 172,055	$ 609,920

Continues Below

Fiscal Year	Total Principal Required	Total Interest Required	Total Amount Required
2013	$ 295,470	$ 141,905	$ 437,375
2014	314,855	128,179	443,034
2015.	292,385	114,249	406,634
2016	318,280	99,258	417,538
2017	310,235	84,382	394,617
2018–2022	1,125,760	269,158	1,394,918
2023–2027	830,695	50,094	880,789
Total	$ 3,487,680	$ 887,225	$ 4,374,905

C. **Revenue Bonds**

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, the State's Water Loan Programs, the Utah Housing Corporation, and various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2012, are reported as a long-term liability of the governmental activities, except for $88.165

million and $1.97 million, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Assets.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Program's (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs include $386.91 million of fixed rate bonds, $132.52 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent and $366.792 million of bonds at a rate set at the 3-month LIBOR plus spread. The Programs bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $39.1 million and $5.1 million of bonds that are auctioned every 35 days.

The Student Assistance Program's bonds issued under the 1988 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of: Student loans acquired under the indenture; all proceeds of the bonds and net revenues in the funds and accounts; and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $5.1 million of outstanding student loan revenue bonds which are payable through 2035. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were $16.14 million and $10.345 million, respectively.

The Student Assistance Program's bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $785.507 million of outstanding student loan revenue bonds which are payable through 2046. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were $557.483 million and $8.806 million, respectively.

The Student Assistance Program's bonds issued under the 2011 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans and to refund outstanding bonds of the board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $132.52 million of outstanding student loan revenue bonds which are payable through 2045. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net loss before interest expense were $122.659 million and $9.674 million, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $75.713 million. For the current year principal and interest paid and total repayments from pledged revenues were $6.966 million and $17.973 million, respectively. Of the bonds payable outstanding at June 30, 2012, $62.435 million are reported in the Water Loan Program Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Assets.

Discrete Component Units

The Utah Housing Corporation revenue bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. Bonds repayments are made from the pledged mortgage payments.

The University of Utah, Utah State University and nonmajor component units issued revenue bonds for various capital purposes including student housing, special events centers, student union centers, and hospital and research facilities. The bonds are secured by pledged student building fees and other income of certain college activities.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2012, is presented below.

(*Table continues on next page*.)

Pledged Revenue — Component Units
(Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged *	D	A, B, C	A, B	A
Amount of Pledged Revenue	$ 2,020,556	$ 767,494	$ 130,461	$ 247,027
Term of Commitment	Thru 2041	Thru 2036	Thru 2035	Thru 2040
Percent of Revenue Pledged	100.00 %	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue	$ 77,081	$ 102,594	$ 36,829	$ 14,780
Current Year Principal and Interest Paid	$ 199,761	$ 36,969	$ 8,594	$ 18,006

***** Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

D = Principal and interest repayments from issuing and servicing mortgage loans on single and multi-family housing.

(*Notes continue on next page*.)

Revenue Bonds Payable — Primary Government
Governmental Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2012
SBOA Lease Revenue Bonds:					
Series 1993 A	12/01/93	1995–2013	4.50 % to 5.25 %	$ 6,230	$ 495
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	$ 101,557	53,686
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	$ 20,820	12,575
Series 2004 A	10/26/04	2005–2027	3.00 % to 5.25 %	$ 32,458	14,065
Series 2009 D	09/09/09	2014–2017	5.00 %	$ 12,125	12,125
Series 2009 E	09/09/09	2018–2030	4.62 % to 5.77 %	$ 89,470	89,470
Series 2010	11/30/10	2011–2024	2.00 % to 5.00 %	$ 24,555	22,944
Series 2011	10/25/11	2012–2031	2.13 % to 4.00 %	$ 5,250	5,025
Total Lease Revenue Bonds Outstanding					210,385
Plus Unamortized Bond Premium					4,136
Less Deferred Amount on Refunding					(1,814)
Total Lease Revenue Bonds Payable					$ 212,707

Continues Below

Revenue Bonds Payable — Primary Government
Business-type Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2012
Student Assistance Programs:					
1988 Trust Estate Student Loan Indentures	2000	2035	Variable	$ 49,500	$ 5,100
1993 Trust Estate Student Loan Indentures	1999–2011	2030–2046	Variable and Fixed	$1,337,655	785,507
2011 Trust Estate Student Loan Indentures	2011	2045	Variable	$ 143,520	132,520
Office Facility Bond Fund	2012	2013–2024	2.00 % to 5.00 %	$ 7,295	7,295
Total Revenue Bonds Outstanding					930,422
Plus Unamortized Bond Premium					12,864
Plus Deferred Amount on Refunding					26,294
Total Revenue Bonds Payable					$ 969,580
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000–2019	3.80 % to 5.50 %	$ 3,543	$ 2,025
Series 2003	12/30/03	2005–2025	2.00 % to 5.00 %	$ 1,905	1,305
Series 2004 A	10/26/04	2005–2025	3.00 % to 5.25 %	$ 13,347	4,760
Series 2006 A	01/10/06	2006–2027	3.50 % to 5.00 %	$ 8,355	6,845
Series 2007 A	07/10/07	2009–2028	4.25 % to 5.00 %	$ 15,380	13,455
Series 2009 A	03/25/09	2011–2030	3.00 % to 5.00 %	$ 25,505	23,800
Series 2009 B	09/09/09	2012–2019	3.00 % to 5.00 %	$ 8,455	7,545
Series 2009 C	09/09/09	2024, 2029	5.29 % , 5.77 %	$ 16,715	16,715
Series 2010	11/30/10	2011–2024	2.00 % to 5.00 %	$ 12,180	11,711
Total Lease Revenue Bonds Outstanding					88,161
Plus Unamortized Bond Premium					2,825
Less Deferred Amount on Refunding					(851)
Total Lease Revenue Bonds Payable					$ 90,135

Continues Below

Revenue Bonds Payable — Primary Government
Business-type Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2012
Water Loan Programs:					
Series 2010 A Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2011–2014	1.15 % to 2.57 %	$ 18,450	$ 13,855
Series 2010 B Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2014–2017	2.25 % to 5.00 %	$ 16,125	16,125
Series 2010 C Revolving Loan Recapitalization Revenue Bonds.....	02/23/10	2018–2022	4.19 % to 4.79 %	$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding.....					61,205
Plus Unamortized Bond Premium.....					1,230
Total Recapitalization Revenue Bonds Payable.....					$ 62,435
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable.....					$ 1,334,857

(*Notes continue on next page*.)

Revenue Bond Issues — Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Principal							
Fiscal Year	**1988 Trust Estate Student Loan Indentures**	**1993 Trust Estate Student Loan Indentures**	**2011 Trust Estate Student Loan Indentures**	**Office Facility Bond Fund**	**1993 A Utah State Building Ownership Authority**	**1998 C Utah State Building Ownership Authority**	**2003 Utah State Building Ownership Authority**	**2004 A Utah State Building Ownership Authority**
2013	$ —	$ 15,465	$ —	$ 655	$ 495	$ 8,806	$ 1,440	$ 2,795
2014	—	19,450	—	605	—	9,290	835	2,945
2015	—	20,500	—	630	—	8,850	875	1,910
2016	—	29,800	—	655	—	9,230	900	2,010
2017	—	42,500	—	670	—	9,130	940	2,110
2018–2022	—	155,000	—	3,590	—	10,407	5,335	3,265
2023–2027	—	234,392	—	490	—	—	3,555	3,790
2028–2032	—	174,300	—	—	—	—	—	—
2033–2037	5,100	55,000	—	—	—	—	—	—
2038–2042	—	21,600	—	—	—	—	—	—
2043–2047	—	17,500	132,520	—	—	—	—	—
Total	$ 5,100	$ 785,507	$ 132,520	$ 7,295	$ 495	$ 55,713	$ 13,880	$ 18,825

Continues Below

	Principal							
Fiscal Year	**2006 A Utah State Building Ownership Authority**	**2007 A Utah State Building Ownership Authority**	**2009 A Utah State Building Ownership Authority**	**2009 B Utah State Building Ownership Authority**	**2009 C Utah State Building Ownership Authority**	**2009 D Utah State Building Ownership Authority**	**2009 E Utah State Building Ownership Authority**	**2010 Utah State Building Ownership Authority**
2013	$ 335	$ 585	$ 900	$ 925	$ —	$ —	$ —	$ 1,545
2014	350	610	925	975	—	1,300	—	1,620
2015	365	645	950	1,020	—	3,425	—	2,880
2016	380	665	975	1,075	—	3,605	—	3,030
2017	395	695	1,025	1,125	—	3,795	—	3,175
2018–2022	2,230	4,005	5,925	2,425	4,120	—	20,690	16,255
2023–2027	2,790	5,075	7,575	—	8,485	—	34,885	6,150
2028–2032	—	1,175	5,525	—	4,110	—	33,895	—
2033–2037	—	—	—	—	—	—	—	—
2038–2042	—	—	—	—	—	—	—	—
2043–2047	—	—	—	—	—	—	—	—
Total	$ 6,845	$ 13,455	$ 23,800	$ 7,545	$ 16,715	$ 12,125	$ 89,470	$ 34,655

Continues Below

(*Table continues on next page*.)

Revenue Bond Issues — Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal			
	2011 Utah State Building Ownership Authority	2010 A Revolving Loan Recap Program	2010 B Revolving Loan Recap Program	2010 C Revolving Loan Recap Program
2013	$ 350	$ 4,660	$ —	$ —
2014	365	4,745	—	—
2015	370	4,450	410	—
2016	380	—	5,025	—
2017	385	—	5,235	—
2018–2022	2,085	—	5,455	24,395
2023–2027	750	—	—	6,830
2028–2032	340	—	—	—
2033–2037	—	—	—	—
2038–2042	—	—	—	—
2043–2047	—	—	—	—
Total	$ 5,025	$ 13,855	$ 16,125	$ 31,225

Continues Below

Fiscal Year	Total Principal Required	Interest Required	Total Amount Required
2013	$ 38,956	$ 39,785	$ 78,741
2014	44,015	38,149	82,164
2015	47,280	36,220	83,500
2016	57,730	33,838	91,568
2017	71,180	30,979	102,159
2018–2022	265,182	111,793	376,975
2023–2027	314,767	56,480	371,247
2028–2032	219,345	17,108	236,453
2033–2037	60,100	4,475	64,575
2038–2042	21,600	2,323	23,923
2043–2047	150,020	1,646	151,666
Total	$ 1,290,175	$ 372,796	$ 1,662,971

(*Notes continue on next page*.)

Revenue Bonds Payable — Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2012
Utah Housing Corporation Issues	1996–2011	2016–2041	Variable and 1.05 % to 7.47 %	$ 3,084,080	$ 1,197,692
University of Utah Revenue Bonds	1987–2011	2014–2036	Variable and 1.75 % to 6.75 %	$ 710,755	526,749
Utah State University Revenue Bonds	2002–2010	2002–2035	1.90 % to 5.25 %	$ 115,860	86,500
Nonmajor Component Units Revenue Bonds	2002–2012	2012–2040	1.63 % to 6.00 %	$ 190,495	166,805
Total Revenue Bonds Outstanding					1,977,746
Plus Unamortized Bond Premium					9,795
Total Revenue Bonds Payable					$ 1,987,541

Revenue Bond Issues — Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Principal						
Fiscal Year	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2013	$ 76,687	$ 20,539	$ 4,780	$ 5,875	$ 107,881	$ 84,892	$ 192,773
2014	17,355	21,402	4,972	7,661	51,390	83,631	135,021
2015	18,360	21,886	5,130	7,942	53,318	81,547	134,865
2016	19,805	24,290	4,813	7,879	56,787	79,337	136,124
2017	21,715	25,425	4,845	6,901	58,886	76,888	135,774
2018–2022	145,630	138,062	17,530	37,569	338,791	341,299	680,090
2023–2027	191,375	146,640	18,580	36,367	392,962	256,723	649,685
2028–2032	280,075	117,890	17,290	40,428	455,683	154,217	609,900
2033–2037	297,870	10,615	8,560	13,993	331,038	61,518	392,556
2038–2042	128,820	—	—	2,190	131,010	9,054	140,064
Total	$ 1,197,692	$ 526,749	$ 86,500	$ 166,805	$ 1,977,746	$ 1,229,106	$ 3,206,852

D. **Conduit Debt Obligations**

Of the Utah Housing Corporation (major component unit) bonds outstanding, $384.613 million were issued as multi-family purchase bonds. Of those bonds, $384.613 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt and, accordingly, has not reported it in the accompanying financial statements.

In 1985, the State Board of Regents authorized the University of Utah (major component unit) to issue Variable Rate Demand Industrial Development Bonds for the Salt Lake City Marriott University Park Hotel separate from the University. The bonds are payable solely from revenues of the hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. The outstanding balance of the bonds at June 30, 2012, is $3.35 million.

The State Charter School Finance Authority (nonmajor component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2012, is $242.621 million in tax-exempt and $1.04 million in taxable conduit debt.

E. **Demand Bonds**

- The Student Assistance Programs had $132.52 million of demand bonds outstanding at June 30, 2012, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days' notice and delivery to the Board's remarketing agent.

  Under an irrevocable letter of credit, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through September 19, 2014, and carries an interest rate of LIBOR plus 1.25 percent.

  In the event bonds cannot be remarketed within 90 days of the "put" date, the Program has a takeout agreement to pay off the bonds over a five year period bearing an adjustable interest rate equal to the LIBOR rate plus 2.15 percent. The takeout agreement expires September 19, 2014. If the take out agreement were to be exercised because the entire issue of $132.52 million of demand bonds was "put" and not resold, the Program would be required to pay $28.796 million a year for five years under the installment loan agreement assuming a 3.22 percent interest rate.

  As of June 30, 2012, there were insufficient clearing bids on all of the Student Assistance Program's 1988 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent. For a tax exempt bond the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of 175 percent multiplied by the lesser of the After Tax Equivalent Rate or the Kenny Index. The Maximum Auction Rate for the year ended June 30, 2012, ranged between 0.0 percent and 0.7 percent.

  As of June 30, 2012, there were insufficient clearing bids on all of the Student Assistance Program's 1993 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the Maximum Auction Rate means, for any taxable bond, a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of, the lesser of the 91 day United States Treasury Bill Rate plus 1.2 percent or LIBOR plus 1.5 percent. For a tax exempt bond the Maximum Auction Rate means a per annum interest rate on the ARCs which would result in the average interest rate on the ARCs not being in excess of 175 percent multiplied by the lesser of the After Tax Equivalent Rate or the Kenny Index The Maximum Auction Rate for the year ended June 30, 2012, ranged between 0 percent and 13.82 percent.

- The Utah Housing Corporation (major component unit) had $663.17 million of bonds outstanding at June 30, 2012, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

  In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) originally totaling $790.395 million and an outstanding commitment of $663.17 million. These Agreements provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 12.5 to 90 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. As of June 30, 2012, none of the original commitments were available for replacement of existing liquidity facilities or to issue new variable rate bonds.

- The University of Utah (major component unit) Series 1997 A bonds in the amount of $3 million currently bear interest at a weekly rate in accordance with bond provisions. When a weekly rate is in effect, the bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the University's tender agent. If the bonds cannot be remarketed, the tender agent is required to draw on an irrevocable standby bond purchase agreement to pay the purchase price of the bonds delivered to it. The standby bond purchase agreement is with J.P. Morgan Chase Bank and is valid through July 30, 2013. Through June 30, 2012, no funds have been drawn against the agreement. The interest requirement for the Series 1997 A Bonds is calculated using an interest rate of 0.32 percent, which is the rate in effect as of June 30, 2012.

F. **Defeased Bonds and Bond Refunding**

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide

for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets. At June 30, 2012, the total amount outstanding of defeased general obligation bonds was $354.86 million. At June 30, 2012, the total amount outstanding of defeased revenue bonds was $20.72 million.

On September 28, 2011, in the 1993 Trust Estate, the Student Assistance Programs issued $397 million of LIBOR-Indexed Series 2011-1 Student Loan Backed Notes at a discount for the purpose of refunding certain outstanding student loan revenue bonds in the 1988 and 1993 Trust Estates:

- The Board used proceeds from the financing to refund at par the Series 2000 U bonds for $35 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $188 thousand. The difference is deferred and will be amortized through April 2035 using the straight line method.
- The Board also used proceeds from the financing to refund at a discount various series under the 1993 Trust Estate totaling $353.537 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $23.058 million. The difference is deferred and will be amortized through April 2035 using the straight line method.

On September 28, 2011, in the 2011 Trust Estate, the Student Assistance Programs issued $143.52 million of variable rate Series 2011 A Student Loan Revenue Bonds for the purpose of refunding certain outstanding student loan revenue bonds in the 1988, 1993, and 2010 Trust Estates:

- The Board used proceeds from the financing to refund at a discount, $2 million of the Series 1994 K bonds and $20 million of the Series 2000 T Bonds, and to refund at par $5 million of the Series 1995 L Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1.399 million. The difference is deferred and will be amortized through October 2045 using the straight line method. The Program also used cash from its trustee accounts to redeem $18.358 million of the Series 1994 K Bonds and $22.981 million of the Series 2000 T Bonds at a discount, resulting in a realized gain on bond purchases of $2.634 million.
- The Board also used proceeds from the financing to refund at a discount the Series 1999 M bonds for $18.675 million, and to refund at par the Series 1999 K Bonds for $1.3 million and $23.304 million of the Series 2001 P Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1.093 million. The difference is deferred and will be amortized through October 2045 using the straight line method. The Program also used cash from its trustee accounts to redeem $36.35 million of the Series 1997 E Bonds, $39.8 million of the Series 1998 J Bonds, $3.429 million of the Series 1999 L Bonds and $100 thousand of the Series 2002 V-2 Bonds at a discount, resulting in a realized gain on bond purchases of $5.279 million.
- The Board further used $73.19 million of the proceeds from the financing to refund the Series 2010 A bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $55 thousand. The difference is deferred and will be amortized through October 2045 using the straight line method.

The Program completed the refundings to manage its interest costs. Since variable rate debt was refunded with new variable rate debt, the change in cash flows and the economic gain or loss cannot be directly calculated and will vary depending on the actual interest costs incurred over the life of the Series 2011-1 Notes and the 2011 A Bonds.

On May 3, 2012, the Program issued $7.295 million of fixed rate Series 2012 Revenue Refunding Bonds at a premium for the purpose of currently refunding certain outstanding revenue bonds in the Office Facility Bond Fund. The Board used proceeds from the financing to refund at par the Series 2002 Bonds for $4.94 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $67 thousand. The difference is deferred and will be amortized through January 2024 using the straight line method. The program completed the refunding to manage its interest costs. Based on an average rate of 3.29 percent the Program will have a decrease in cash outflow of $473 thousand with an economic gain of $447 thousand.

On May 3, 2012, $7.295 million in revenue bonds with an average interest rate of 3.29 percent were issued to advance refund $2.55 million of outstanding revenue bonds with an average interest rate of 4.9 percent. Proceeds in the amount of $2.783 million were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. This refunding decreases cash outflows over the next 12 years by $394 thousand, resulting in an economic gain of $262 thousand.

In prior years, component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Assets. At June 30, 2012, $55.179 million of college and university bonds outstanding are considered defeased.

G. Contracts Payable

Component unit capital leases/contracts payable include $4.71 million in life annuity contracts.

H. Notes Payable

On June 28, 2010, the Utah State Board of Regents Student Loan Purchase Program (Student Assistance Programs) entered into a long-term asset-backed commercial paper conduit funding note for the purpose of refunding certain outstanding student loan revenue bonds. In accordance with the financing agreement, the Board has pledged cash, cash equivalents, student loan receivable principal, accrued interest, interest subsidy and special allowance. In accordance with the financing agreement, the Board pledged cash and student loan receivable principal and accrued interest totaling $586.805 million at June 30, 2012. The Conduit Financing costs on the note are determined weekly by the Conduit lender and based on LIBOR plus other fees, costs and expenses of the Conduit lender. The weighted average cost of capital for the period ended June 30, 2012, was .81 percent, which included .24 percent of interest cost, 0.51 percent of liquidity fees and 0.06 percent of other administrative expenses. Debt service requirements to maturity on

the Conduit as of June 30, 2012, are as follows: fiscal year 2013 has no principal amount but interest of $985 thousand due; and fiscal year 2014 has principal of $552.423 million and interest of $553 thousand due, respectively.

The notes payable balance consists of notes issued by component units for the purchase of buildings, equipment and to provide a source of capital for the purchase of single family mortgage loans. The notes bear various interest rates and will be repaid over the next 20 years. They are secured by the related assets. Payment information on notes payable is presented below.

Notes Payable Debt Service Requirements to Maturity
Component Units
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal Year	Principal						
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2013	$ 10,530	$ 2,213	$ 1,886	$ 1,468	$ 16,097	$ 5,787	$ 22,884
2014	10,798	2,350	1,883	1,021	16,052	5,240	21,292
2015	11,072	2,499	1,852	3,856	19,279	4,699	23,978
2016	11,354	2,659	1,789	487	16,289	4,050	20,339
2017	11,642	2,828	1,789	1,640	17,899	3,486	21,385
2018–2022	24,181	13,826	8,788	1,866	48,661	9,484	58,145
2023–2027	—	13,104	2,233	1,603	16,940	3,682	20,622
2028–2032	—	3,877	60	1,156	5,093	328	5,421
Total	$ 79,577	$ 43,356	$ 20,280	$ 13,097	$ 156,310	$ 36,756	$ 193,066

I. **Debt Service Requirements for Derivatives**

Business-type Activities

As explained in Note 3.D., the Student Assistance Program (major proprietary fund) Board had issued on December 30, 2010 the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1988 and 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below. The principal, interest, and net swap interest are included in the debt service schedule presented on page 104 for the Student Assistance Program.

Student Assistance Program
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal Year	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		
2013	$ (7,682)	$ 16,984	$ 9,302	$ (16,984)	$ (7,682)
2014	(7,409)	16,465	9,056	(16,465)	(7,409)
2015	(6,984)	15,659	8,675	(15,659)	(6,984)
2016	(6,420)	14,591	8,171	(14,591)	(6,420)
2017	(5,613)	13,061	7,448	(13,061)	(5,613)
2018–2022	(16,967)	40,180	23,213	(40,180)	(16,967)
2023–2027	(6,453)	15,293	8,840	(15,293)	(6,453)
2028–2032	(1,138)	2,697	1,559	(2,697)	(1,138)
Total	$ (58,666)	$ 134,930	$ 76,264	$ (134,930)	$ (58,666)

Discrete Component Units

As explained in Note 3.D., Utah Housing Corporation (major component unit) had entered into 73 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2012. Using rates as of June 30, 2012, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are presented below. As rates vary, variable-rate bond interest payments and net swap payments (receipts) will vary. The principal, interest, and net swap interest are presented below for Utah Housing Corporation.

Utah Housing Corporation
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal	Variable Rate Bonds		Interest Rate	
Year	Principal	Interest	Swaps, Net	Total
2013	$ 19,665	$ 1,161	$ 32,998	$ 53,824
2014	2,170	1,126	32,858	36,154
2015	3,050	1,123	32,764	36,937
2016	4,180	1,117	32,629	37,926
2017	5,705	1,110	32,445	39,260
2018–2022.....	68,140	5,294	155,820	229,254
2023–2027.....	109,970	4,561	135,260	249,791
2028–2032.....	192,300	3,324	100,727	296,351
2033–2037.....	203,365	1,514	48,305	253,184
2038–2042.....	54,625	149	6,396	61,170
Total	$ 663,170	$ 20,479	$ 610,202	$ 1,293,851

NOTE 11. GOVERNMENTAL FUND BALANCES, BUDGET STABILIZATION ACCOUNTS, AND NET ASSETS RESTRICTED BY ENABLING LEGISLATION

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (**1**) **Restricted Purposes,** which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (**2**) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; **(3) Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2012, follows:

(Summary on next page.)

Governmental Fund Balances
(Expressed in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
Government Operations:			
Legislature	$ —	$ 5,561	$ —
Governor	124	19,089	—
Elected Officials	251	17,199	—
Administrative Services	—	2,181	—
Revenue Assessments and Collections	—	13,479	—
Human Services	—	10,973	—
Corrections	—	25,647	—
Public Safety	8,996	41,916	—
Courts	—	10,841	—
Health	197	40,054	—
Environmental Quality	—	9,001	—
Higher Education	—	673	—
Employment and Family Services	—	20,308	—
Natural Resources	16,618	48,059	—
Community and Culture	13	3,243	—
Business, Labor, and Agriculture	12	32,729	—
Budget Reserve (Rainy Day) Account	—	133,017	—
Industrial Assistance	—	35,512	—
Postemployment and Other Liabilities	—	—	121,222
Fiscal Year 2013 Appropriations:			
Line Item Appropriations	—	—	37,860
Other Purposes	13,534	20,005	—
Total	$ 39,745	$ 489,487	$ 159,082
Education Fund:			
Minimum School Program	$ 94,301	$ —	$ —
State Office of Education	16,775	—	—
School Building Program	16,040	—	—
School Land Interest	29,484	—	—
Education Budget Reserve Account	144,369	—	—
Postemployment and Other Liabilities *	219,949	—	—
Fiscal Year 2013 Appropriations:			
Line Item Appropriations	71,022	—	—
Available for Appropriation	35,043	—	—
Other	2,713	—	—
Total	$ 629,696	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 63,045	$ 37,823	$ 3,070
Public Safety	10,588	—	2,000
Corridor Preservation	41,455	—	—
Aeronautical Programs	8,007	—	—
Postemployment and Other Liabilities *	39,672	4,199	—
Total	$ 162,767	$ 42,022	$ 5,070
Transportation Investment Fund:			
Critical Highway Needs Program	$ 161,177	$ 233,886	$ —
Transportation Investment Projects	33,722	—	—
Centennial Highway Program	12,858	166,046	—
Other Liabilities	2,323	14,777	—
Total	$ 210,080	$ 414,709	$ 0
Nonmajor Governmental Funds:			
Capital Projects	$ 49,108	$ —	$ 101,093
Debt Service	511	—	5,638
State Endowment Fund	—	123,539	—
Environmental Reclamation	21,607	3,404	—
Rural Development	—	32,180	—
Other Purposes	15,261	16,129	214
Total	$ 86,487	$ 175,252	$ 106,945

***** Resources restricted through constitutional provisions.

B. **Budget Stabilization Accounts**

In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). These stabilization balances can only be used to cover budget shortfalls when appropriated by the Legislature. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 8 percent and 9 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J–1–217 of the *Utah Code* requires the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of $133.017 million and $144.369 million, respectively. For the fiscal year ended June 30, 2012, $10.476 million was transferred into the Rainy Day Fund and $35.013 million was transferred into the Education Reserve as a result of a revenue surplus.

C. **Net Assets Restricted by Enabling Legislation**

The State's net assets restricted by enabling legislation represent resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Assets reports $4.064 billion of restricted net assets, of which $12.7 million is restricted by enabling legislation.

NOTE 12. DEFICIT NET ASSETS AND FUND BALANCE

Funds reporting a deficit total net assets position at June 30, 2012, are (in thousands):

Private Purpose Trust Funds:	
Employers' Reinsurance	$ (59,653)
Petroleum Storage Tank	$ (15,018)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on all workers' compensation insurance issued to employers within the State. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities. Unfunded future claims are payable solely from future trust revenues.

The Petroleum Storage Tank Trust covers the clean-up costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded solely by future trust revenues.

Funds/activities reporting a deficit position in the unrestricted portion of their net assets at June 30, 2012, are (in thousands):

Internal Service Funds:	
Technology Services	$ (1,795)
Fleet Operations	$ (28,045)

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

NOTE 13. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2012, are as follows (in thousands):

(Interfund Transfers on next page.)

Transferred From	Transferred To: Governmental Funds: General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands	Nonmajor Governmental Funds
General Fund	$ —	$ 7,646	$ 66,476	$ —	$ 37	$ 103,331
Education Fund	270,960	—	—	—	—	38,736
Transportation Fund	44,537	—	—	82,634	—	21,794
Transportation Investment Fund	—	—	—	—	—	299,497
Nonmajor Governmental Funds	69,070	—	—	—	—	4,467
Unemployment Compensation	7,871	—	—	—	—	—
Water Loan Programs	4,265	—	—	—	—	—
Nonmajor Enterprise Funds	71,625	—	—	—	2,441	—
Internal Service Funds	2,000	—	—	—	—	—
Total	$ 470,328	$ 7,646	$ 66,476	$ 82,634	$ 2,478	$ 467,825

Continues Below

Transferred From	Transferred To: Enterprise Funds: Community Impact Loan Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ 40,868	$ 2,243	$ 95	$ 220,696
Education Fund	—	—	—	309,696
Transportation Fund	—	—	—	148,965
Transportation Investment Fund	—	—	—	299,497
Nonmajor Governmental Funds	—	—	—	73,537
Unemployment Compensation	—	—	—	7,871
Water Loan Programs	—	—	—	4,265
Nonmajor Enterprise Funds	—	—	—	74,066
Internal Service Funds	—	—	—	2,000
Total	$ 40,868	$ 2,243	$ 95	$ 1,140,593

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from the General Fund to the Community Impact Loan Fund (major enterprise fund) are primarily mineral lease royalties used to make loans and grants to local governments. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2012, the Legislature authorized transfers of $2 million from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $721.178 million to the Colleges and Universities. Payments to the Colleges and Universities are reported as expenditures in both the General Fund fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

NOTE 14. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to take a credit against these payment obligations. The dispute is currently subject to arbitration. It is impossible to determine the potential liability; however, any settlement will be a reduction in future state tobacco receipts.

- In addition to the items above, the State is contesting other legal actions totaling over $47.881 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. **Contingencies**

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the reported financial position of the federal government, including disclosures concerning fiscal sustainability, it is at least reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State including requiring contingency plans from state agencies.

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2012, will be available in November 2012.

- The Board of directors for the Utah Capital Investment Corporation (an independent quasi-public nonprofit corporation) has been authorized to issue and use up to $300 million in contingent tax credit certificates to mobilize private investment and enhance the venture capital culture and infrastructure within the State. The certificates are structured so that no more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Title 59, Chapter 7 Corporate Franchise and Income taxes, or Title 59, Chapter 10, Individual Income Tax Act.

- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.

- The State is self-insured for liability claims up to $1 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $700 million per occurrence. According to an actuarial study and other known factors, $44.7 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).

- The Utah School Bond Guaranty Act (*Utah Code Annotated, 1953,* as amended, Sections 53A–28–101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds.

  In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

  The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State does not expect that it will be required to advance monies for the payment of debt service on Guaranteed Bonds for any significant period of time.

  Local school boards have $2.555 billion principal amount of Guaranteed Bonds outstanding at June 30, 2012. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received $36.427 million from tobacco companies in fiscal year 2012 and expects to receive approximately $36.9 million in fiscal year 2013. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

C. **Commitments**

- At June 30, 2012, the Industrial Assistance Program of the General Fund had grant commitments of $1.884 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2012, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of $97.711 million and Education Fund tax credits of $414.389 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2012, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $2.649 million and Education Fund tax credits of $7.37 million. These cash rebates and credits are contingent on participating motion picture companies meeting certain within-the-state production criteria.

- Utah Retirement Systems (defined benefit pension plans and defined contribution plans) has at its yearend December 31, 2011, committed to fund certain private equity partnerships and real estate projects for an amount of $7.553 billion. Funding of $4.94 billion has been provided, leaving an unfunded commitment of $2.613 billion as of December 31, 2011.

- As of June 30, 2012, the Utah Housing Corporation (major component unit) has committed to purchase mortgages under the warehouse loans and the Single-Family Mortgage Purchase Program in the amount of $70.021 million.

  The Utah Housing Corporation (major component unit) had one Revolving Credit Note in the amount of $3 million maturing on March 26, 2012. At June 30, 2012, there is no outstanding balance on this Revolving Credit Note.

  On July 15, 2010, the Corporation entered into a revolving credit agreement with a $150 million line of credit for the acquisition and financing of mortgage loans. During the year the amount available was reduced from $150 million to $50 million. This revolving credit agreement matured on July 14, 2012. The current outstanding balance as of June 30, 2012, was $6.782 million. Interest paid on amounts drawn ranged from 0.947 – 1.068 percent and was calculated at one month LIBOR plus 0.6 percent; with the one month LIBOR rate not to be less than 0.25 percent. Subsequent to the year ended June 30, 2012, this revolving line of credit was renewed and extended through July 12, 2013.

- At June 30, 2012, the enterprise funds had loan commitments of approximately $135.8 million and grant commitments of approximately $48.152 million.

- At June 30, 2012, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of $1.588 billion.

- At June 30, 2012, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of $115 million, of which $45.4 million have been called and $1.612 million have been released, leaving a remaining commitment of $67.988 million.

- At June 30, 2012, the Utah Department of Transportation had construction and other contract commitments of $606.8 million, of which $331.3 million is for Transportation Fund (major special revenue fund) and $275.5 million is for projects within the Transportation Investment Fund (major capital projects fund) highway projects. These commitments will be funded with future appropriations in the Transportation Fund and through proceeds of general obligation bonds and future appropriations in the Transportation Investment Fund.

- At June 30, 2012, the State's capital projects funds (nonmajor capital projects funds) had construction commitments of $242.328 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2012, the University had committed, but not paid, a total of $23.7 million in funding for these alternative investments.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2012, the University had committed, but not paid, a total of $6.051 million in funding for these alternative investments.

NOTE 15. JOINT VENTURE

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of twelve representatives elected by the board, and five state representatives of which four are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital of $185 thousand. UCAN also may receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

UCAN had $2.765 million of revenue bonds outstanding at June 30, 2012. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has never requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

The Office of the Utah State Auditor audits UCAN's financial statements. Copies of those statements can be obtained from UCAN's administrative office or from the Office of the Utah State Auditor.

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah (major component unit) supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $17.08

million for the year ended June 30, 2012. UEN is not separately audited but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 16. PENSION PLANS

Eligible employees of the State are covered by one of the following retirement plans:

A. Utah Retirement Systems

Utah Retirement Systems (URS) was established by Title 49 of *Utah Code Annotated, 1953,* as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2011, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for the Utah Retirement Systems (URS) within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772.

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Contributory Retirement System (Contributory System); the Public Employees Noncontributory Retirement System (Noncontributory System); the Firefighters Retirement System (Firefighters System) which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Safety and Firefighters), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- Five defined contribution plans comprised of the 401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement.

Retirement benefits are specified by Title 49 of *Utah Code Annotated, 1953*, as amended. The retirement systems are defined-benefit plans in which the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

Summary of Eligibility and Benefits

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary...	Highest 3 Years	Highest 5 Years	Highest 3 Years		Highest 2 Years	Highest 5 Years	Highest 5 Years
Years of Service Required and/or Age Eligible for Benefit..	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age 20 years age 55* 10 years age 62 6 years age 70	35 years any age 20 years age 60 10 years age 62 4 years age 65	25 years any age 20 years age 60 10 years age 62 4 years age 65
Benefit Percent per Year of Service** ...	2.00% per year all years	1.25% per year to June 1975 2.00% per year July 1975 to present	2.50% per year up to 20 years 2.00% per year over 20 years		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years	1.50% per year all years	1.50% per year all years

Note: The Utah Governors and Legislators Retirement Plan benefits are explained below.

* With actuarial reductions.

** For members and retirees in the systems, prior to January 1, 1990, there may be a 3 percent benefit enhancement.

Former governors at age 65 receive $1,260 per month per term. Legislators receive a benefit actuarially reduced at age 62 with ten or more years of service, or an unreduced benefit at age 65 with four or more years of service at the rate of $27.60 per month per year of service. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

As a condition of participation in the systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or insurance premium taxes. Below is a summary of system participants.

Participating Membership by System
December 31, 2011

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Employers	430	159	130	57	1	1	456	145
Members:								
Active	87,901	2,137	7,619	1,932	111	115	4,777	99
Terminated Vested	32,784	1,216	2,784	164	6	79	—	—
Retirees and Beneficiaries:								
Service Benefits	38,216	4,550	4,116	1,087	115	220	—	—
Disability Benefits	—	2	9	86	—	—	—	—

Employer contribution rates consist of (***1***) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (***2***) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over a closed 23 year amortization period. These rates are determined using the entry age actuarial cost method with a supplemental present value and the same actuarial assumptions used to calculate the actuarial accrued liability.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero.

(Table on next page.)

State of Utah's Employer Contributions
Required and Paid
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Primary Government:								
2012	$ 116,876	$ 2,988	$ 38,758	$ 159	$ 3,839	$ 214	$1,492	$ 56
2011	$ 117,029	$ 3,246	$ 36,439	$ 130	$ 3,475	$ 153	$ —	$ —
2010	$ 103,548	$ 3,333	$ 34,342	$ 81	$ 2,427	$ —	$ —	$ —
2009	$ 106,881	$ 3,692	$ 33,711	$ 76	$ 1,980	$ —	$ —	$ —
2008	$ 101,591	$ 3,792	$ 29,261	$ 75	$ 1,737	$ —	$ —	$ —
Component Units:								
Colleges and Universities:								
2012	$ 47,555	$ 1,993	$ 699	$ —	$ —	$ —	$ 967	$ 4
2011	$ 45,449	$ 1,998	$ 639	$ —	$ —	$ —	$ —	$ —
2010	$ 40,385	$ 1,905	$ 639	$ —	$ —	$ —	$ —	$ —
2009	$ 42,026	$ 2,133	$ 596	$ —	$ —	$ —	$ —	$ —
2008	$ 40,781	$ 2,160	$ 498	$ —	$ —	$ —	$ —	$ —
Other:								
2012	$ 4,422	$ 73	$ —	$ —	$ —	$ —	$ 56	$ —
2011	$ 4,083	$ 64	$ —	$ —	$ —	$ —	$ —	$ —
2010	$ 3,580	$ 53	$ —	$ —	$ —	$ —	$ —	$ —
2009	$ 3,483	$ 70	$ —	$ —	$ —	$ —	$ —	$ —
2008	$ 2,938	$ 76	$ —	$ —	$ —	$ —	$ —	$ —
Total Primary Government and Component Units:								
2012	$ 168,853	$ 5,054	$ 39,457	$ 159	$ 3,839	$ 214	$2,515	$ 60
2011	$ 166,561	$ 5,308	$ 37,078	$ 130	$ 3,475	$ 153	$ —	$ —
2010	$ 147,513	$ 5,291	$ 34,981	$ 81	$ 2,427	$ —	$ —	$ —
2009	$ 152,390	$ 5,895	$ 34,307	$ 76	$ 1,980	$ —	$ —	$ —
2008	$ 145,310	$ 6,028	$ 29,759	$ 75	$ 1,737	$ —	$ —	$ —

The following table summarizes contribution rates in effect at December 31, 2011:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Noncontributory	—	13.77 % – 16.86 %	—
Contributory	6.00 %	9.76 % – 12.37 %	—
Public Safety:			
Contributory	10.50 % – 12.29 %	15.78 % – 23.22 %	—
Noncontributory	—	27.07 % – 36.71 %	—
Firefighters:			
Division A	15.05 %	0.50 %	11.87 %
Division B	16.18 %	—	11.34 %
Judges:			
Noncontributory	—	25.82 %	14.26 %
Utah Governors and Legislators	—	$153,398	—
Tier 2 Public Employees	—	12.74 % – 15.15 %	—
Tier 2 Public Safety and Firefighters	—	12.19 % – 27.37 %	—

Defined Contribution Plans

The 401(k), 457, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the retirement systems. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the plans at rates determined by the employers and according to Utah Title 49. There are 375 employers participating in the 401(k) Plan and 160 employers participating in the 457 Plan. There are 146,187 plan participants in the 401(k) Plan, 16,661 participants in the 457 Plan, 3,281 participants in the Roth IRA Plan, 740 participants in the Traditional IRA Plan, and 1,748 in the HRA.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The defined contribution plans account balances are fully vested to the participants at the time of deposit. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457, 403(b), Roth and Traditional IRA Plans. For the 401(k) plan, the State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2012, by employees and employers are as follows: for Primary Government, $31.114 million and $16.379 million; for Component Units – Colleges and Universities, $4.324 million and $7.493 million; for Component Units – Other, $1.049 million and $876 thousand; and the combined total for all is $36.487 million and $24.748 million, respectively. The amounts contributed by employees to the 457, Roth and Traditional IRA Plans (Primary Government) are $6.771 million, $1.844 million, and $89 thousand, respectively.

Employees of the University of Utah (major component unit) may also contribute to a 403(b) plan. For employees enrolled in the Hospital Retirement Plan and contribute to a 403(b) plan, the University matches up to 3 percent of an employee's contribution. Total University employee contributions to the 403(b) plans for the fiscal year were approximately $47.843 million.

Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals and/or property cash flow. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors have determined the fair value for the individual investments. Approximately 10 percent of the net assets held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 10 percent, approximately 5 percent are U.S. Government debt securities and 5 percent are debt securities of the U.S. Government instrumentalities. The systems and plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets held in trust for pension benefits. The principal components of the receivables and investment categories are presented below.

(*Continues on next page*.)

Pension Receivables and Investments
(Expressed in Thousands)

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Safety Employees System
Receivables:							
Member Contributions	$ —	$ 301	$ 37	$ 636	$ —	$ —	$ —
Employer Contributions	34,994	563	4,030	—	147	—	542
Court Fees and Fire Insurance Premium	—	—	—	3,084	223	—	—
Investments	349,372	22,240	46,134	16,739	2,700	196	50
Total Receivables	$ 384,366	$ 23,104	$ 50,201	$ 20,459	$ 3,070	$ 196	$ 592
Investments:							
Debt Securities	$ 3,212,336	$ 204,489	$ 424,188	$ 153,905	$ 24,822	$ 1,805	$ 455
Equity Investments	5,848,825	372,321	772,339	280,220	45,195	3,285	829
Absolute Return	2,625,059	167,104	346,641	125,768	20,284	1,474	372
Private Equity	1,800,558	114,619	237,765	86,266	13,913	1,011	255
Real Assets	2,304,953	146,727	304,370	110,432	17,811	1,295	327
Mortgage Loans	5,468	348	721	262	42	3	1
Invested Securities Lending Collateral	1,383,847	88,092	182,738	66,301	10,693	777	196
Total Investments	$ 17,181,046	$ 1,093,700	$ 2,268,762	$ 823,154	$ 132,760	$ 9,650	$ 2,435

Continues Below

	Tier 2 Public Safety and Firefighters System	401 (k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement	Total December 31, 2011
Receivables:						
Member Contributions	$ —	$ —	$ —	$ —	$ —	$ 974
Employer Contributions	12	—	—	—	—	40,288
Court Fees and Fire Insurance Premium	—	—	—	—	—	3,307
Investments	2	73,442	7,439	—	817	519,131
Total Receivables	$ 14	$ 73,442	$ 7,439	$ 0	$ 817	$ 563,700
Investments:						
Debt Securities	$ 15	$ 1,336,281	$ 149,369	$ 28,846	$ —	$ 5,536,511
Equity Investments	27	1,437,409	160,647	24,636	—	8,945,733
Absolute Return	12	—	—	—	—	3,286,714
Private Equity	9	—	—	—	—	2,254,396
Real Assets	11	34,963	4,049	943	—	2,925,881
Mortgage Loans	—	—	—	—	—	6,845
Invested Securities Lending Collateral	7	—	—	—	—	1,732,651
Total Investments	$ 81	$ 2,808,653	$ 314,065	$ 54,425	$ 0	$ 24,688,731

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2011, and calendar year 2011 activity. The actuarial accrued liability is presented based on the report generated by that study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Beginning with the 2008 actuarial study, the investment rate of return assumption was changed from 8 percent to 7.75 percent. The 2011 actuarial study further reduced the investment rate of return assumption from 7.75 percent to 7.5 percent. Investment income in excess or shortfall of the expected rate on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year.

The Tier 2 Public Employees and Tier 2 Public Safety and Firefighters Systems have no actuarial accrued liability as of January 1, 2011. The effective date of the new Tier 2 Retirement Systems was July 1, 2011. All systems except Tier 2 as noted above use: (1) the entry age actuarial cost method and the level percent of payroll amortization method except the Utah Governors and Legislators Retirement Plan which uses the level dollar amount amortization method; (2) the remaining amortization period is an open group, 23 years, closed period; and (3) an inflation rate of 2.75 percent. Post-retirement cost of living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years. Below are the Schedules of Funding Progress.

Schedules of Funding Progress
By Valuation Date
(Expressed in Thousands)

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Actuarial Value of Assets:								
January 1, 2010	$ 16,619,831	$ 1,116,736	$ 2,137,027	$ 802,576	$ 131,491	$ 10,769	$ —	$ —
January 1, 2011	$ 16,852,691	$ 1,132,661	$ 2,194,016	$ 810,216	$ 131,869	$ 10,197	$ —	$ —
December 31, 2011	$ 16,861,064	$ 1,080,139	$ 2,222,202	$ 810,764	$ 130,561	$ 9,565	$ 2,833	$ 90
Actuarial Accrued Liability (AAL):								
January 1, 2010	$ 19,384,503	$ 1,236,009	$ 2,650,675	$ 833,844	$ 158,303	$ 11,305	$ —	$ —
January 1, 2011	$ 20,388,759	$ 1,251,412	$ 2,844,101	$ 872,133	$ 167,581	$ 11,513	$ —	$ —
December 31, 2011	$ 21,516,510	$ 1,278,272	$ 3,044,707	$ 926,634	$ 175,763	$ 11,722	$ 2,806	$ 90
Unfunded Actuarial Accrued Liability (UAAL):								
January 1, 2010	$ 2,764,672	$ 119,273	$ 513,648	$ 31,268	$ 26,812	$ 536	$ —	$ —
January 1, 2011	$ 3,536,068	$ 118,751	$ 650,085	$ 61,917	$ 35,712	$ 1,316	$ —	$ —
December 31, 2011	$ 4,655,446	$ 198,133	$ 822,505	$ 115,870	$ 45,202	$ 2,157	$ (27)	$ —
Funding Ratios:								
January 1, 2010	85.7 %	90.4 %	80.6 %	96.3 %	83.1 %	95.3 %	—	—
January 1, 2011	82.7 %	90.5 %	77.1 %	92.9 %	78.7 %	88.6 %	—	—
December 31, 2011	78.4 %	84.5 %	73.0 %	87.5 %	74.3 %	81.6 %	101.0 %	100.0 %
Annual Covered Payroll:								
January 1, 2010	$ 3,955,040	$ 127,804	$ 373,959	$ 107,625	$ 14,434	$ 910	$ —	$ —
January 1, 2011	$ 3,888,179	$ 116,395	$ 363,037	$ 105,275	$ 14,234	$ 910	$ —	$ —
December 31, 2011	$ 3,900,106	$ 110,103	$ 374,293	$ 110,751	$ 14,918	$ 910	$ 36,821	$ 855
UAAL as a Percent of Covered Payroll:								
January 1, 2010	69.9 %	93.3 %	137.4 %	29.1 %	185.8 %	58.9 %	—	—
January 1, 2011	90.9 %	102.0 %	179.1 %	58.8 %	250.9 %	144.6 %	—	—
December 31, 2011	119.4 %	180.0 %	219.7 %	104.6 %	303.0 %	237.0 %	(0.1) %	0.0 %

B. **Teachers Insurance and Annuity Association–College Retirement Equities Fund**

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provides individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (component units) to the TIAA–CREF retirement system for June 30, 2012 and 2011, were $151.23 million and $145.144 million, respectively.

NOTE 17. OTHER POSTEMPLOYMENT BENEFITS

A. **Other Postemployment Benefit Plans**

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund as set forth in Section 67–19d–201 of the *Utah Code*. A separate Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is provided for governors and legislators, and this Plan is administered through the Elected Official Post-Retirement Benefits Trust Fund as set forth in Section 67–19d–201.5 of the *Utah Code*. The Elected Official Post-Retirement Benefits Trust Fund was established during the 2012 Legislative General Session and became effective March of 2012. Both trust funds are irrevocable and legally protected from creditors. Both are also administered under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Planning and Budget.

Neither the State Post-Retirement Benefits Trust Fund, nor the Elected Official Post-Retirement Benefits Trust Fund issues a publicly available financial report, but are included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors have determined the fair values for the individual investments.

The State Legislature currently plans to contribute amounts to each trust fund that, at a minimum, is sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. There are no long-term contracts for contributions to the plans.

B. **State Employee Other Postemployment Benefit Plan**

At the option of individual state agencies, employees may participate in the State Employee OPEB Plan, a single-employer defined benefit healthcare plan, as set forth in Section 67–19–14(2) of the *Utah Code*. Only state employees entitled to receive retirement benefits are eligible to receive postemployment health and life insurance benefits, and in some situations dental coverage, from the State Employee OPEB Plan. Upon retirement, an employee receives 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange eight hours of remaining unused accumulated sick leave earned prior to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. After age 65, the employee may use any remaining unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. In addition, any full-time employee of the Utah State Board of Education, who has attained at least five consecutive years of service with the agency, has the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until the employee reaches age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the State Employee OPEB Plan. As of December 31, 2010, the date of the latest actuarial valuation, approximately 5,872 retirees and their beneficiaries were receiving postemployment health and life insurance benefits, and an estimated 11,875 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 10 percent to 31.6 percent, toward the cost of health insurance premiums. For the year ended June 30, 2012, retirees contributed $1.436 million, or approximately 4.5 percent of total premiums, through their required contributions of $41.58 to $606.83 per month depending on the coverage (single, double, or family) and health plan selected.

The Annual Required Contribution (ARC) of $37.594 million, from the December 31, 2010, actuarial valuation is 6.4 percent of annual covered payroll. This ARC was used to establish the annual budget for fiscal year 2012; however the State Legislature decided to contribute $43.293 million for the fiscal year, slightly more than the required ARC. This overfunding of the ARC resulted in a net OPEB asset of $5.699 million.

C. **Elected Official Other Postemployment Benefit Plan**

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is a single-employer defined benefit healthcare plan, as set forth in Section 49–20–404 of the *Utah Code.* Only governors and legislators (elected officials) that retire after January 1, 1998 and have 4 or more years of service can elect to receive and apply for health coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for 4 years of service

and up to 100 percent for ten or more years of service, for elected officials, and their spouses.

To qualify for health coverage, elected officials must be between 62 and 65 years of age and either be active members at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health coverage elected officials must begin their service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and begin their service as an elected official prior to July 1, 2011.

As of December 31, 2010, the date of the latest actuarial valuation, approximately 44 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 169 active and former elected officials may receive future benefits for themselves and qualifying dependents under the Elected Official Other Postemployment Benefit Plan. For the year ended June 30, 2012, elected officials that participated in the Elected Official OPEB Plan contributed $27 thousand, or approximately 7.1 percent of total premiums, through their required contributions of $0 (for ten or more years of service) to $663.52 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Annual Required Contribution (ARC) of $1.894 million, from the December 31, 2010, actuarial valuation is 245.65 percent of annual covered payroll. For the fiscal year 2012, the State Legislature decided to contribute $3.47 million, $1.576 million more than the ARC.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employee and Elected Official OPEB plans for fiscal year 2012 (dollar amount in thousands):

	State Employee OPEB Plan	Elected Official OPEB Plan
Annual required contribution	$ 37,594	$ 1,894
Interest on net OPEB obligation	—	286
Adjustment to annual required contribution	—	(413)
Annual OPEB cost (expense)	37,594	1,767
Contributions made	(43,293)	(3,470)
Increase (decrease) in net OPEB obligation	(5,699)	(1,703)
Net OPEB obligation (asset) – Beginning of year	0	7,142
Net OPEB obligation (asset) – End of year	$ (5,699)	$ 5,439

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2012 and the two preceding years for both the State Employee and Elected Official OPEB plans were as follows (dollar amount in thousands):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
State Employee OPEB Plan	6/30/2010	$ 43,819	100.00 %	$ —
	6/30/2011	$ 43,819	100.00 %	$ —
	6/30/2012	$ 37,594	115.16 %	$ (5,699)
Elected Official OPEB Plan	6/30/2010	$ 2,118	16.18 %	$ 5,693
	6/30/2011	$ 1,793	19.18 %	$ 7,142
	6/30/2012	$ 1,767	196.38 %	$ 5,439

The funded status of both the State Employee and Elected Official OPEB plans as of December 31, 2010 was as follows (dollar amount in thousands):

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial accrued liability	$ 481,393	$ 21,990
Actuarial value of plan assets	106,605	—
Unfunded actuarial accrued liability (funding excess)	$ 374,788	$ 21,990
Funded ratio	22.1 %	0.0 %
Covered payroll	$ 589,817	$ 771
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	63.54 %	2,852.14 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial methods and assumptions of both the State Employee and Elected Official OPEB plans as of December 31, 2010 were as follows:

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial valuation date	12/31/2010	12/31/2010
Actuarial cost method	Projected Unit Credit	
Amortization method	Level Dollar Amount; Open	
Remaining amortization period	25 years	30 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return *	4.5 %	4.0 %
Healthcare inflation rate	9.5 % initial 4.5 % ultimate	

***** Includes an inflation assumption of 2.5 percent.

NOTE 18. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management (internal service fund) and the Public Employees Health Program (major component unit). The State is a major participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor component units) each maintain self-insurance funds to manage health/dental care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the risk funds can economically and effectively manage the State's risks internally and have set aside

assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State had property losses that exceeded the State's self-insured aggregate claim limit of $3.5 million for the fiscal year ended June 30, 2010. However, these losses did not exceed the State's commercial excess insurance coverage. The State did not have any losses or settlements that exceeded the State's self-insured aggregate claim limit or commercial excess insurance coverage for the fiscal year ended June 30, 2011. The State had property losses that exceeded the State's self-insured aggregate claim limit of $3.5 million for the fiscal year ended June 30, 2012, but these losses did not exceed the State's commercial excess insurance coverage. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, disability, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 1 percent. The Public Employees Health Program long-term disability benefit reserves are reported using discount rates between 3.25 and 7.75 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of $224.195 million and $30.347 million, respectively, for health and life insurance coverage in fiscal year 2012. In addition, the State Department of Health paid $967 thousand in premiums to the Public Employees Health Program for the Children's Health Insurance Program (CHIP).

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49–21–201 of the *Utah Code*. Employees of those state agencies who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2012, there are 296 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (major component unit), where assets are set aside for future payments. For the fiscal year ended June 30, 2012, the primary government and the discrete component units of the State paid premiums of $5.228 million and $153 thousand, respectively, for the Long-term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below. The following table presents the changes in claims liabilities balances (short and long-term combined) during fiscal years ended June 30, 2011 and June 30, 2012:

(Table on next page.)

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2011	$ 41,897	$ 11,179	$ (10,345)	$ 42,731
2012	$ 42,731	$ 12,654	$ (10,685)	$ 44,700
Public Employees Health Program:				
2011	$ 122,388	$ 515,851	$(524,008)	$ 114,231
2012	$ 114,231	$ 526,273	$(507,626)	$ 132,878
College and University Self-Insurance:				
2011	$ 60,094	$ 278,115	$(279,627)	$ 58,582
2012	$ 58,582	$ 294,789	$(290,977)	$ 62,394

NOTE 19. SUBSEQUENT EVENTS

Subsequent to June 30, 2012, the Permanent Trust Lands Fund (permanent fund) had real estate commitments of $20 million.

On October 3, 2012, the State issued $37.35 million of General Obligation and Refunding Bonds Series 2012 A. Principal on the bonds is due annually commencing July 1, 2014 through July 1, 2017. Interest rates on the Series 2012 A bonds range from 4 percent to 5 percent, with a "true interest rate" of 0.596 percent after considering premium received upon the sale of the bonds. Proceeds of the bonds will be used for capital facilities projects and to advance refund certain 2004 B Series bonds. These funds will be paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds.

Subsequent to June 30, 2012, the Utah Housing Corporation (nonmajor component unit) refunded $237.335 million of variable rate Single Family Bonds. With the refunding of these bonds a modification was also required to a corresponding portion of underlying swap agreements as well as a cancellation of a corresponding portion of the Corporation's liquidity facility with TCLP. The corresponding swap agreements were modified to change the underlying floating rate index from SIFMA to LIBOR. Subsequent to June 30, 2012, the Utah Housing Corporation (nonmajor component unit) also issued $10 million of taxable Single Family Housing bonds.

On July 10, 2012, the University of Utah (major component unit) issued $46.235 million of Auxiliary and Campus Facilities System Revenue Bonds Series 2012 A. Principal on the bonds is due annually commencing April 1, 2013 through April 1, 2032. Bond interest is due semiannually commencing October 1, 2012, at rates ranging from 2 percent to 5 percent. Proceeds from these bonds are to be used to expand the Dee Glen Smith Athletic Center and to construct an ambulatory care parking structure.

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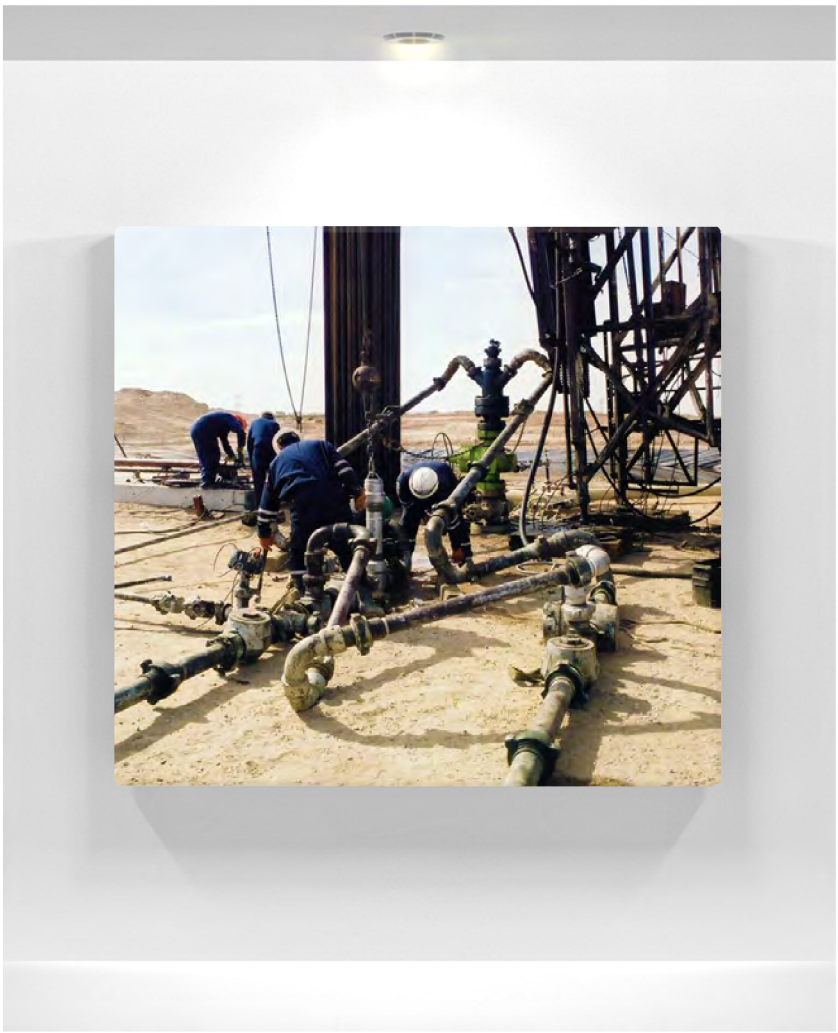

REQUIRED SUPPLEMENTARY INFORMATION

Business expansion is facilitated in Utah by the State's low cost of energy, excellent infrastructure, and business-friendly regulatory environment.

Photo courtesy Garry Miller/Chasel Energy.

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,521,446	$ 1,575,097	$ 1,582,530	$ 7,433
Licenses, Permits, and Fees:				
Insurance Fees	4,053	—	—	—
Court Fees	13,124	21,057	14,603	(6,454)
Other Licenses, Permits, and Fees	15,924	9,624	13,862	4,238
Investment Income	3,800	5,700	5,625	(75)
Miscellaneous Taxes and Other:				
Beer Tax	5,064	7,481	8,425	944
Cigarette and Tobacco Tax	106,475	117,522	116,974	(548)
Inheritance Tax	30	—	—	—
Insurance Premium Tax	82,503	78,200	84,414	6,214
Oil, Gas, and Mining Severance Tax	101,373	96,300	90,942	(5,358)
Taxpayer Rebates	(6,800)	(6,200)	(6,796)	(596)
Court Collections	2,713	4,128	3,831	(297)
Other Taxes	31,317	34,105	34,986	881
Miscellaneous Other	21,349	45,088	41,998	(3,090)
Total General Revenues	1,902,371	1,988,102	1,991,394	3,292
Department Specific Revenues				
Sales Tax	3,722	3,860	3,860	—
Federal Contracts and Grants	2,847,075	2,550,694	2,550,694	—
Departmental Collections	370,796	400,620	421,125	20,505
Higher Education Collections	498,587	624,958	624,958	—
Federal Mineral Lease	149,466	154,335	183,739	29,404
Investment Income	2,199	3,271	3,150	(121)
Miscellaneous	499,911	486,341	479,800	(6,541)
Total Department Specific Revenues	4,371,756	4,224,079	4,267,326	43,247
Total Revenues	6,274,127	6,212,181	6,258,720	46,539
Expenditures				
General Government	374,407	385,474	324,211	61,263
Human Services and Juvenile Justice Services	664,927	661,933	651,977	9,956
Corrections	267,585	268,625	242,238	26,387
Public Safety	253,794	266,991	223,580	43,411
Courts	130,031	130,787	127,219	3,568
Health and Environmental Quality	2,150,092	2,445,457	2,401,862	43,595
Higher Education – State Administration	67,811	50,033	49,360	673
Higher Education – Colleges and Universities	1,201,979	1,333,251	1,333,113	138
Employment and Family Services	729,864	731,465	722,958	8,507
Natural Resources	208,782	178,654	159,198	19,456
Community and Culture	274,082	141,408	137,924	3,484
Business, Labor, and Agriculture	155,457	103,085	89,895	13,190
Total Expenditures	6,478,811	6,697,163	6,463,535	233,628
Excess Revenues Over (Under) Expenditures	(204,684)	(484,982)	(204,815)	280,167
Other Financing Sources (Uses)				
Sale of Capital Assets	—	—	10	10
Transfers In	334,993	472,978	472,978	—
Transfers Out	(156,085)	(224,165)	(224,165)	—
Total Other Financing Sources (Uses)	178,908	248,813	248,823	10
Net Change in Fund Balance	(25,776)	(236,169)	44,008	280,177
Budgetary Fund Balance – Beginning	523,016	523,016	523,016	—
Budgetary Fund Balance – Ending	$ 497,240	$ 286,847	$ 567,024	$ 280,177

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Education Fund

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 2,411,168	$ 2,454,906	$ 2,478,638	$ 23,732
Corporate Tax	272,307	239,741	272,355	32,614
Miscellaneous Other	18,900	17,200	30,880	13,680
Total General Revenues	2,702,375	2,711,847	2,781,873	70,026
Department Specific Revenues				
Federal Contracts and Grants	327,546	544,833	544,833	—
Departmental Collections	1,833	6,664	6,664	—
Investment Income	23,350	23,406	28,814	5,408
Miscellaneous:				
School Lunch Tax	21,600	32,039	32,039	—
Driver Education Fee	4,980	5,108	5,108	—
Other	6,933	7,336	7,493	157
Total Department Specific Revenues	386,242	619,386	624,951	5,565
Total Revenues	3,088,617	3,331,233	3,406,824	75,591
Expenditures				
Public Education	2,896,973	3,141,419	3,028,720	112,699
Total Expenditures	2,896,973	3,141,419	3,028,720	112,699
Excess Revenues Over (Under) Expenditures	191,644	189,814	378,104	188,290
Other Financing Sources (Uses)				
Transfers In	38,696	7,646	7,646	—
Transfers Out	(309,696)	(309,696)	(309,696)	—
Total Other Financing Sources (Uses)	(271,000)	(302,050)	(302,050)	0
Net Change in Fund Balance	(79,356)	(112,236)	76,054	188,290
Budgetary Fund Balance – Beginning	333,694	333,694	333,694	—
Budgetary Fund Balance – Ending	$ 254,338	$ 221,458	$ 409,748	$ 188,290

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 254,937	$ 252,300	$ 252,954	$ 654
Special Fuel Tax	109,713	104,100	104,099	(1)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	32,508	39,387	35,686	(3,701)
Proportional Registration Fees	15,266	15,879	15,408	(471)
Temporary Permits	396	480	435	(45)
Special Transportation Permits	9,599	11,124	9,872	(1,252)
Highway Use Permits	11,421	9,952	10,107	155
Motor Vehicle Control Fees	4,438	5,312	4,777	(535)
Miscellaneous	1,972	2,066	2,282	216
Investment Income	—	200	596	396
Miscellaneous Other	2,500	—	5	5
Total General Revenues	442,750	440,800	436,221	(4,579)
Department Specific Revenues				
Sales and Aviation Fuel Taxes	69,257	70,342	74,283	3,941
Federal Contracts and Grants	181,507	454,343	454,343	—
Departmental Collections	80,810	89,433	89,122	(311)
Federal Aeronautics	40,000	43,001	22,883	(20,118)
Investment Income	125	125	42	(83)
Miscellaneous	20,513	69,479	71,216	1,737
Total Department Specific Revenues	392,212	726,723	711,889	(14,834)
Total Revenues	834,962	1,167,523	1,148,110	(19,413)
Expenditures				
Transportation	699,761	1,101,796	1,087,500	14,296
Total Expenditures	699,761	1,101,796	1,087,500	14,296
Excess Revenues Over (Under) Expenditures	135,201	65,727	60,610	(5,117)
Other Financing Sources (Uses)				
Sale of Capital Assets	500	—	12,276	12,276
Transfers In	73,080	66,476	66,476	—
Transfers Out	(142,111)	(148,965)	(148,965)	—
Total Other Financing Sources (Uses)	(68,531)	(82,489)	(70,213)	12,276
Net Change in Fund Balance	66,670	(16,762)	(9,603)	7,159
Budgetary Fund Balance – Beginning	187,173	187,173	187,173	—
Budgetary Fund Balance – Ending	$ 253,843	$ 170,411	$ 177,570	$ 7,159

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 6,258,720	$ 3,406,824	$ 1,148,110
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(316,120)	(5,019)	(1,827)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(634,435)	(5,683)	—
Change in revenue accrual for nonbudgetary Medicaid claims	3,720	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	7,348	53,834	(3,557)
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	(19,294)	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,319,233	$ 3,430,662	$ 1,142,726
Expenditures			
Actual total expenditures (budgetary basis)	$ 6,463,535	$ 3,028,720	$ 1,087,500
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(316,120)	(5,019)	(1,827)
Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting	(634,435)	(5,683)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	819	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	5,453	626	806
Change in estimated federal liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	(19,294)	—
Change in accrual for Medicaid incurred but not reported claims excluded from the budget by statute	12,664	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,531,916	$ 2,999,350	$ 1,086,479

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, and the Debt Service Fund, a nonmajor fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act* but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2012, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Planning and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Act.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was overexpended by $115 thousand. This deficit is allowed by statute and will be funded with future appropriations. In the General Fund, the Attorney General's budget for contract attorneys was overexpended by $224 thousand. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2012, the State was $781 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

The State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits and meeting other specific eligibility criteria are eligible to receive postemployment benefits.

The following factors contributed to the decrease in the State Employee OPEB Plan Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) from December 31, 2006 to December 31, 2008: ***(1)*** fully funding the Annual Required Contribution (ARC) over the last two fiscal years; ***(2)*** changes in benefit provisions that shifted increases in health care costs to employees and retirees; and ***(3)*** the State Employee Plan is a closed plan (i.e., only state employees entitled to receive retirement benefits and hired prior to January 1, 2006 are eligible to receive benefits).

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2008 to December 31, 2010: ***(1)*** fully funding the Annual Required Contribution (ARC) over the last two fiscal years; ***(2)*** changes in benefit provisions that shifted increases in health care costs to employees and retirees; ***(3)*** using a discount rate of 4.5 percent (instead of 6 percent used in prior valuations) in order to more conservatively fund the ARC due to current market volatility; ***(4)*** an actuarial change in trend assumption for Medicare retirees; ***(5)*** actuarial experience; and ***(6)*** a reduction in Annual Covered Payroll due to fewer employees eligible to receive post-retirement health benefits.

The following schedules present the State of Utah's funding progress and required employer contributions for the State Post-Retirement Benefits Trust Fund from the recent actuarial valuation and the two preceding valuations (using the projected unit credit method):

State Employee OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2006	$ —	$ 669,617	$ 669,617	0.00 %	$ 748,096	89.51 %
December 31, 2008	$ 53,851	$ 446,601	$ 392,750	12.06 %	$ 901,245	43.58 %
December 31, 2010	$ 106,605	$ 481,393	$ 374,788	22.15 %	$ 589,817	63.54 %

State Employee OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2007	$ 50,433	101.37 %
June 30, 2008	$ 53,491	98.71 %
June 30, 2009	$ 53,491	100.00 %
June 30, 2010	$ 43,819	100.00 %
June 30, 2011	$ 43,819	100.00 %
June 30, 2012	$ 37,594	115.16 %

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is administered through the Elected Official Post-Retirement Benefits Trust Fund. Only governors and legislators that retire after January 1, 1998 and meet other specific eligibility criteria are eligible for this benefit.

The following factors contributed to the decrease in the Elected Official OPEB Plan Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) from December 31, 2008 to December 31, 2010: **(1)** changes in claims, and changes in benefit provisions; **(2)** an actuarial change in trend assumption for Medicare retirees; and **(3)** actuarial experience.

The Elected Official Post-Retirement Benefits Trust Fund was established during the 2012 Legislative General Session and became effective March of 2012. During fiscal year 2012, the State contributed $3.47 million to the trust fund, more than the required ARC of $1.894 million, in order to reduce the Unfunded Actuarial Accrued Liability (UAAL) obligation. The creation of and contributions to the trust fund occurred after the latest actuarial valuation. As a result, the Actuarial Value of Assets, Unfunded Actuarial Accrued Liability (UAAL), and Funded Ratio from the December 31, 2010 actuarial valuation are not reflective of these changes. A new valuation will be performed in fiscal year 2013.

The following schedules present the State of Utah's funding progress and required contributions for the Elected Official Post-Retirement Benefits Trust Fund from the actuarial valuations (using the projected unit credit method):

Elected Official OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2008.....	$ —	$ 24,515	$ 24,515	0.00 %	$ 866	2,830.8 %
December 31, 2010.....	$ —	$ 21,990	$ 21,990	0.00 %	$ 771	2,852.1 %

Elected Official OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2012.....	$ 1,894	183.21 %

(Required Supplementary Information continues on next page.)

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that the infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,724 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National condition assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting and surface cracking are considered in project recommendations.

Category	IRI Range	Description
Good	< 95	Pavements that provide a smooth ride and typically exhibit few signs of visible distress suitable for surface seals and preservation.
Fair	95 to 170	Pavements with noticeable deterioration beginning to affect the ride in need of resurfacing.
Poor	> 170	Pavements with an unacceptable ride that have deteriorated to such an extent that they are in need of major rehabilitation.

Condition Level – Roads

The State has established a three System Level priority (Interstate, Level 1 and Level 2) with individual condition targets for each system. The condition target is to maintain a certain percentage of the mileage at a "fair" or better rating. The Interstate target is 95 percent, Level 1 (with over 2,000 Average Annual Daily Traffic) at 90 percent, and Level 2 (with less than 2,000 Average Daily Annual Traffic) at 80 percent.

The State performs complete assessments every other year (starting in 2012) on a calendar year basis. The following table reports the percentage of pavements with ratings of "fair" or better for the last three years for each system:

System	2011	2010	2009
Interstate System....	98.3 %	97.9 %	98.6 %
Level 1 System	93.2 %	92.1 %	92.6 %
Level 2 System	82.7 %	82.1 %	83.9 %

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2012	$ 204,647	$ 371,133
2011	$ 249,071	$ 299,227
2010	$ 244,272	$ 349,451
2009	$ 296,443	$ 313,817
2008	$ 418,386	$ 292,585

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,881 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2012	2011	2010
Good.....	71.6 %	72.0 %	72.4 %
Poor.....	1.0 %	1.0 %	1.0 %

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2012	$ 36,114	$ 65,494
2011	$ 43,954	$ 52,805
2010	$ 43,107	$ 61,668
2009	$ 52,314	$ 55,379
2008	$ 73,833	$ 51,633

SUPPLEMENTARY INFORMATION

Economic development in Utah is focused within six targeted industry strengths, including: energy and natural resources; aerospace and defense; and outdoor products and recreation. These industries typically create higher-paying, quality jobs that meet the demands of Utah's skilled and innovative workforce—the youngest in the nation.

Vivint Solar

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Nonmajor Governmental Funds

State Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets given to this fund under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds in this fund is deposited in the General Fund.

Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation
This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

Miscellaneous Special Revenue
This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects – General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority
(Blended Component Unit)
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service – General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service – State Building Ownership Authority
(Blended Component Unit)
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority.

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2012 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 420	$ 1,045	$ 1,373	$ 1,402
Investments	123,119	23,886	3,368	—
Receivables:				
Accounts, net	—	8	29	—
Accrued Interest	—	—	—	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	—	76	—	—
Due From Component Units	—	—	—	—
Total Assets	$ 123,539	$ 25,015	$ 4,770	$ 1,402
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 4	$ 34	$ —
Due To Other Funds	—	—	—	137
Due To Component Units	—	—	—	—
Deferred Revenue	—	—	—	—
Total Liabilities	0	4	34	137
Fund Balances:				
Nonspendable:				
Restricted	—	21,607	—	1,265
Committed	123,539	3,404	4,736	—
Assigned	—	—	—	—
Total Fund Balances	123,539	25,011	4,736	1,265
Total Liabilities and Fund Balances	$ 123,539	$ 25,015	$ 4,770	$ 1,402

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ 523	$ 4,756	$ 1,020	$ —	$ 93,865	$ —
4,029	31,923	1,271	9,341	40,670	13,605
97	—	15	17,366	281	—
—	—	—	—	—	11
—	—	—	—	—	—
—	—	18	8	2,847	—
—	—	—	—	45,230	—
$ 4,649	$ 36,679	$ 2,324	$ 26,715	$ 182,893	$ 13,616
$ 167	$ 3,671	$ 6	$ 1,577	$ 41,455	$ 116
54	828	23	686	1,748	2,660
—	—	—	—	—	329
—	—	26	5,546	—	—
221	4,499	55	7,809	43,203	3,105
—	—	1,108	12,888	39,252	9,856
4,428	32,180	1,161	5,804	—	—
—	—	—	214	100,438	655
4,428	32,180	2,269	18,906	139,690	10,511
$ 4,649	$ 36,679	$ 2,324	$ 26,715	$ 182,893	$ 13,616

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2012 (Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
ASSETS			
Cash and Cash Equivalents	$ 85,556	$ 4,445	$ 194,405
Investments	8,361	7,345	266,918
Receivables:			
Accounts, net	—	—	17,796
Accrued Interest	6	4	21
Capital Lease Payments, net	—	102,540	102,540
Due From Other Funds	—	—	2,949
Due From Component Units	—	—	45,230
Total Assets	$ 93,923	$ 114,334	$ 629,859
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 78,437	$ 21	$ 125,488
Due To Other Funds	11,652	9,458	27,246
Due To Component Units	—	—	329
Deferred Revenue	—	102,540	108,112
Total Liabilities	90,089	112,019	261,175
Fund Balances:			
Nonspendable:			
Restricted	—	511	86,487
Committed	—	—	175,252
Assigned	3,834	1,804	106,945
Total Fund Balances	3,834	2,315	368,684
Total Liabilities and Fund Balances	$ 93,923	$ 114,334	$ 629,859

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Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Sales and Use Tax	$ —	$ —	$ —	$ —
Other Taxes	—	—	—	—
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	2,226	—
Charges for Services	—	6,174	7,455	9,984
Intergovernmental	—	—	—	—
Investment Income	2,580	148	3	—
Miscellaneous and Other	—	78	—	—
Total Revenues	2,580	6,400	9,684	9,984
EXPENDITURES				
Current:				
General Government	—	—	6,727	—
Human Services and Juvenile Justice Services	—	—	—	—
Corrections	—	—	—	—
Public Safety	—	—	—	—
Health and Environmental Quality	—	2,842	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Community and Culture	—	—	—	—
Business, Labor, and Agriculture	—	10	—	9,650
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	2,852	6,727	9,650
Excess Revenues Over (Under) Expenditures	2,580	3,548	2,957	334
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	—
Revenue Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Transfers In	—	—	73	—
Transfers Out	—	(129)	(3,675)	—
Total Other Financing Sources (Uses)	0	(129)	(3,602)	0
Net Change in Fund Balances	2,580	3,419	(645)	334
Fund Balances – Beginning	120,959	21,592	5,381	931
Fund Balances – Ending	$ 123,539	$ 25,011	$ 4,736	$ 1,265

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ —	$ —	$ 3,910	$ —	$ —
—	8,817	—	3,206	—	—
0	8,817	0	7,116	0	0
—	—	—	14,290	—	—
3,329	—	469	46,360	—	—
—	—	—	—	34,407	—
6	135	1	161	430	125
2	—	11	2,950	583	100
3,337	8,952	481	70,877	35,420	225
—	—	120	7,086	13,723	—
—	—	—	278	3,156	—
—	—	—	—	3,886	—
—	—	—	13,320	4,046	—
—	—	—	17	546	—
—	—	—	—	22,398	—
—	—	—	4	462	—
—	—	—	—	1,691	—
—	16,921	—	943	—	—
2,002	—	—	7	178	—
—	—	—	23	333	—
—	—	—	1	852	—
—	—	—	—	146,556	22,875
—	—	—	—	—	—
—	—	—	—	—	—
2,002	16,921	120	21,679	197,827	22,875
1,335	(7,969)	361	49,198	(162,407)	(22,650)
—	—	—	—	46,860	—
—	—	—	—	—	5,100
—	—	—	—	7,121	28
—	—	—	200	55,583	3,829
(234)	—	—	(41,918)	(8,277)	—
(234)	0	0	(41,718)	101,287	8,957
1,101	(7,969)	361	7,480	(61,120)	(13,693)
3,327	40,149	1,908	11,426	200,810	24,204
$ 4,428	$ 32,180	$ 2,269	$ 18,906	$ 139,690	$ 10,511

Continues

Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
REVENUES			
Taxes:			
Sales and Use Tax	$ —	$ —	$ 3,910
Other Taxes	—	—	12,023
Total Taxes	0	0	15,933
Other Revenues:			
Federal Contracts and Grants	15,252	1,748	33,516
Charges for Services	—	—	73,771
Intergovernmental	—	—	34,407
Investment Income	6	26	3,621
Miscellaneous and Other	—	20,211	23,935
Total Revenues	15,258	21,985	185,183
EXPENDITURES			
Current:			
General Government	—	—	27,656
Human Services and Juvenile Justice Services	—	—	3,434
Corrections	—	—	3,886
Public Safety	—	—	17,366
Health and Environmental Quality	—	—	3,405
Higher Education – Colleges and Universities	—	—	22,398
Employment and Family Services	—	—	466
Natural Resources	—	—	1,691
Community and Culture	—	—	17,864
Business, Labor, and Agriculture	—	—	11,847
Public Education	—	—	356
Transportation	—	—	853
Capital Outlay	—	—	169,431
Debt Service:			
Principal Retirement	251,130	15,170	266,300
Interest and Other Charges	156,188	11,859	168,047
Total Expenditures	407,318	27,029	715,000
Excess Revenues Over (Under) Expenditures	(392,060)	(5,044)	(529,817)
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	—	—	46,860
Revenue Bonds Issued	—	150	5,250
Premium on Bonds Issued	2,044	25	9,218
Transfers In	407,917	223	467,825
Transfers Out	(15,475)	(3,829)	(73,537)
Total Other Financing Sources (Uses)	394,486	(3,431)	455,616
Net Change in Fund Balances	2,426	(8,475)	(74,201)
Fund Balances – Beginning	1,408	10,790	442,885
Fund Balances – Ending	$ 3,834	$ 2,315	$ 368,684

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Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT				
Legislature				
Senate	$ 2,710	$ —	$ 1	$ 2,711
House	4,934	—	—	4,934
Printing	618	—	167	785
Research and General Counsel	9,211	—	—	9,211
Tax Review Commission	48	—	—	48
Constitutional Revision Commission	52	—	—	52
Fiscal Analyst	3,044	—	5	3,049
Auditor General	3,829	—	—	3,829
Total Legislature	24,446	0	173	24,619
Elected Officials				
State Treasurer	$ 2,529	$ —	$ 441	$ 2,970
GOV – Administrative Office	5,622	268	941	6,831
GOV – Planning and Budget	5,481	67	65	5,613
GOV – Public Lands Litigation	2,000	—	—	2,000
GOV – Lt. Governor Character Education	200	—	—	200
GOV – Criminal and Juvenile Justice	10,011	12,103	59	22,173
GOV – Emergency and Contingency Fund	100	—	—	100
GOV – LaRay McAllister Program	1,852	—	—	1,852
GOV – Pete Suazo Athletic Commission	198	—	49	247
GOV – Economic Development Administration	9,459	539	—	9,998
GOV – Office of Tourism	17,953	—	226	18,179
GOV – Business Development	11,621	501	153	12,275
GOV – Inspector General of Medical Services	995	—	1,913	2,908
GOV – Industrial Assistance Fund	1,257	—	—	1,257
U STAR	36,195	—	3	36,198
GOV – Office of Energy Development	706	15,891	12	16,609
Attorney General	29,539	2,028	18,168	49,735
AG – Contract Attorneys	5,439	—	850	6,289
AG – Prosecution Council	688	100	203	991
AG – Domestic Violence	78	—	—	78
AG – Children's Justice Centers	3,383	164	317	3,864
State Auditor	3,678	—	1,727	5,405
Total Elected Officials	148,984	31,661	25,127	205,772
Government Operations				
Capitol Preservation Board	$ 4,059	$ —	$ —	$ 4,059
DAS – Executive Director	776	—	—	776
DAS – Administrative Rules	383	—	—	383
DAS – DFCM Administration	5,288	—	452	5,740
DAS – State Archives	2,119	99	146	2,364
DAS – Finance Administration	8,651	—	1,392	10,043
DAS – Post Conviction Indigent Defense	215	—	—	215
DAS – Finance Mandated	31,652	—	—	31,652
DAS – Judicial Conduct Commission	265	—	—	265
DAS – Purchasing	1,061	—	396	1,457
Tax Commission – Administration	70,963	505	8,584	80,052
TAX – License Plates Production	2,643	—	1,815	4,458
TAX – Liquor Profit Distribution	5,309	—	—	5,309

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 1,750	$ —	$ —	$ 961
3,345	—	—	1,589
720	—	—	65
7,670	—	—	1,541
45	—	—	3
50	—	—	2
2,385	—	—	664
3,093	—	—	736
19,058	0	0	5,561
$ 2,476	$ 6	$ 138	$ 350
5,462	—	34	1,335
3,324	—	—	2,289
955	—	—	1,045
36	—	—	164
20,271	581	388	933
25	—	—	75
580	—	—	1,272
160	—	—	87
9,377	123	—	498
13,612	28	—	4,539
9,414	101	—	2,760
2,043	—	—	865
1,257	—	—	—
25,274	—	—	10,924
16,358	—	—	251
46,760	—	73	2,902
6,513	—	—	(224)
904	—	5	82
78	—	—	—
3,335	—	—	529
4,992	—	—	413
173,206	839	638	31,089
$ 4,059	$ —	$ —	$ —
661	18	—	97
379	—	—	4
5,112	—	—	628
2,362	—	—	2
8,706	42	—	1,295
108	—	—	107
24,687	—	6,965	—
240	—	—	25
1,457	—	—	—
69,713	—	2,119	8,220
2,275	—	—	2,183
5,309	—	—	—

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
Government Operations (Continued)				
DAS – Rural Health Care	555	—	—	555
Human Resource Management	3,404	—	176	3,580
Career Service Review Board	272	—	—	272
DTS Chief Information Officer	535	—	—	535
DTS Integrated Technology	1,781	580	1,007	3,368
Total Government Operations	139,931	1,184	13,968	155,083
Total General Government	$ 313,361	$ 32,845	$ 39,268	$ 385,474
HUMAN SERVICES				
Department of Human Services	$ 7,107	$ 6,146	$ 1,123	$ 14,376
Substance Abuse and Mental Health	88,820	26,142	11,537	126,499
Services for People with Disabilities	57,691	1,079	144,045	202,815
Recovery Services	12,692	24,094	4,855	41,641
Child and Family Services	110,830	52,784	(3,004)	160,610
Juvenile Justice Services	87,554	3,040	2,302	92,896
Aging and Adult Services	12,430	11,238	(572)	23,096
Total Human Services	$ 377,124	$ 124,523	$ 160,286	$ 661,933
CORRECTIONS				
Department of Corrections				
Corrections – Programs and Operations	$ 203,722	$ 797	$ 4,956	$ 209,475
DOC Medical Services	28,382	—	514	28,896
Jail Contracting	26,196	—	—	26,196
Total Department of Corrections	258,300	797	5,470	264,567
Board of Pardons and Parole				
Board of Pardons and Parole	$ 4,057	$ —	$ 1	$ 4,058
Total Board of Pardons and Parole	4,057	0	1	4,058
Total Corrections	$ 262,357	$ 797	$ 5,471	$ 268,625
PUBLIC SAFETY				
Department of Public Safety				
Programs and Operations	$ 101,124	$ 1,371	$ 23,017	$ 125,512
Emergency Services and Homeland Security	2,374	33,701	433	36,508
Emergency and Disaster Management	3,078	—	—	3,078
Peace Officer's Standards and Training	4,090	—	48	4,138
Liquor Law Enforcement	1,033	—	—	1,033
Driver License	35,460	846	60	36,366
Highway Safety	754	5,375	67	6,196
Total Department of Public Safety	147,913	41,293	23,625	212,831
Utah National Guard				
Utah National Guard Administration	$ 5,545	$ 45,127	$ (1,826)	$ 48,846
Total Utah National Guard	5,545	45,127	(1,826)	48,846

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
219	—	336	—
2,649	383	—	548
254	3	—	15
513	—	—	22
3,244	—	—	124
131,947	446	9,420	13,270
$ 324,211	$ 1,285	$ 10,058	$ 49,920
$ 14,226	$ 150	$ —	$ —
126,242	—	48	209
202,120	—	—	695
41,639	2	—	—
153,214	—	142	7,254
91,497	—	—	1,399
23,039	57	—	—
$ 651,977	$ 209	$ 190	$ 9,557
$ 186,541	$ —	$ 740	$ 22,194
27,905	—	—	991
24,173	—	—	2,023
238,619	0	740	25,208
$ 3,619	$ —	$ —	$ 439
3,619	0	0	439
$ 242,238	$ 0	$ 740	$ 25,647
$ 95,864	$ —	$ 1,798	$ 27,850
34,726	—	1,416	366
76	—	—	3,002
3,643	—	96	399
1,033	—	—	—
28,087	—	—	8,279
6,095	—	—	101
169,524	0	3,310	39,997
$ 48,771	$ —	$ —	$ 75
48,771	0	0	75

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
Department of Veteran's Affairs				
Veteran's Affairs	$ 1,062	$ 3,791	$ 461	$ 5,314
Total Department of Veteran's Affairs	1,062	3,791	461	5,314
Total Public Safety	$ 154,520	$ 90,211	$ 22,260	$ 266,991
STATE COURTS				
Judicial Council	$ 99,927	$ 705	$ 2,311	$ 102,943
Grand Jury	1	—	—	1
Contracts and Leases	19,058	—	257	19,315
Jury and Witness Fees	2,136	—	6	2,142
Guardian Ad Litem	6,205	—	181	6,386
Total State Courts	$ 127,327	$ 705	$ 2,755	$ 130,787
HEALTH and ENVIRONMENTAL QUALITY				
Department of Health	$ 4,988	$ 6,685	$ 3,086	$ 14,759
Disease Control and Prevention	19,663	27,314	10,440	57,417
Community and Family Health Services	16,587	80,049	23,974	120,610
Health Care Financing	5,042	53,194	38,508	96,744
Medical Manditory Services	314,514	749,082	7,660	1,071,256
Medicaid Optional Services	131,440	553,705	240,496	925,641
Medicaid MIS Replacement	5,488	2,046	—	7,534
Local Health Department	2,122	—	—	2,122
Children's Health Insurance Program	16,662	57,855	2,094	76,611
Workforce Assistance	212	—	—	212
Medicaid Sanctions	1,083	—	—	1,083
Commodities	—	21,573	—	21,573
Environmental Quality	22,350	17,962	9,583	49,895
Total Health and Environmental Quality	$ 540,151	$ 1,569,465	$ 335,841	$ 2,445,457
HIGHER EDUCATION				
Board of Regents	$ 2,631	$ 1,586	$ —	$ 4,217
REG - Student Support	1,561	—	—	1,561
REG – Economic Development	349	—	—	349
REG – Student Assistance	12,191	—	—	12,191
REG – Technology	7,183	—	—	7,183
REG – Education Excellence	5,540	—	—	5,540
REG – Cluster Acceleration Partnership	—	—	195	195
U of U – Education and General	193,598	—	207,108	400,706
U of U – Educationally Disadvantaged	674	—	—	674
U of U – School of Medicine	20,476	—	19,043	39,519
U of U – University Hospital	4,500	—	—	4,500
U of U – Regional Dental Education	522	—	286	808
U of U – Tele Health Network	451	—	—	451
U of U – Public Service	3,434	—	—	3,434
U of U – Statewide TV Administration	2,367	—	—	2,367

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 5,285	$ —	$ —	$ 29
5,285	0	0	29
$ 223,580	$ 0	$ 3,310	$ 40,101
$ 99,641	$ —	$ 1,161	$ 2,141
1	—	—	—
19,063	—	—	252
2,257	—	—	(115)
6,257	—	—	129
$ 127,219	$ 0	$ 1,161	$ 2,407
$ 14,590	$ 7	$ 72	$ 90
56,330	—	162	925
119,100	—	50	1,460
96,051	—	—	693
1,055,908	—	81	15,267
913,495	—	—	12,146
2,273	—	—	5,261
2,122	—	—	—
73,511	—	234	2,866
164	—	—	48
—	—	—	1,083
21,573	—	—	—
46,745	—	2,571	579
$ 2,401,862	$ 7	$ 3,170	$ 40,418
$ 4,217	$ —	$ —	$ —
1,561	—	—	—
349	—	—	—
12,191	—	—	—
7,183	—	—	—
5,540	—	—	—
195	—	—	—
400,706	—	—	—
674	—	—	—
39,519	—	—	—
4,500	—	—	—
808	—	—	—
451	—	—	—
3,434	—	—	—
2,367	—	—	—

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
HIGHER EDUCATION (Continued)				
U of U – Health Sciences	11,862	—	9,230	21,092
U of U – Occupational Health	150	—	—	150
U of U – Poison Control Center	—	—	2,539	2,539
USU – Education and General	106,014	—	75,510	181,524
USU – Educationally Disadvantaged	257	—	—	257
USU – Water Research Laboratory	5,285	—	—	5,285
USU – Agricultural Experiment Station	11,950	2,654	—	14,604
USU – Cooperative Extension Service	11,982	2,210	—	14,192
USU – Uintah Basin CEC	3,872	—	2,126	5,998
USU – Southeastern Utah CEC	677	—	1,133	1,810
USU – CEU Education and General	11,951	—	2,713	14,664
USU – CEU Educationally Disadvantaged	105	—	—	105
USU – CEU Career and Technical Education	1,325	—	58	1,383
USU – CEU Prehistoric Museum	254	—	—	254
USU – San Juan Center	2,142	—	1,288	3,430
USU – Brigham City CEC	1,967	—	21,866	23,833
USU – Tooele CEC	2,266	—	8,306	10,572
USU – Veterinary Education Program	1,700	—	—	1,700
Weber – Education and General	61,101	—	61,388	122,489
Weber – Educationally Disadvantaged	341	—	—	341
SUU – Education and General	29,220	—	33,026	62,246
SUU – Educationally Disadvantaged	89	—	—	89
SUU – Shakespeare Festival	521	—	—	521
SUU – Rural Development	96	—	—	96
Snow College – Education and General	17,521	—	8,267	25,788
Snow College – Educationally Disadvantaged	32	—	—	32
Snow College – Career Technology Education	1,255	—	—	1,255
Dixie – Education and General	20,111	—	23,589	43,700
Dixie – Educationally Disadvantaged	26	—	—	26
Dixie – Zion Park Amphitheatre	51	—	22	73
UVU – Education and General	58,547	—	95,562	154,109
UVU – Educationally Disadvantaged	157	—	—	157
SLCC – Education and General	56,100	—	55,382	111,482
SLCC – Educationally Disadvantaged	178	—	—	178
SLCC – Skill Center	5,793	—	1,128	6,921
Utah College of Applied Technology	4,766	—	—	4,766
UCAT Bridgerland	8,725	—	—	8,725
UCAT Davis	9,178	—	—	9,178
UCAT Ogden/Weber	10,321	—	—	10,321
UCAT Uintah Basin	4,825	—	—	4,825
UCAT Mountainlands	4,947	—	—	4,947
UCAT Southwest	2,193	—	—	2,193
UCAT Dixie	2,005	—	—	2,005
UCAT Tooele	937	—	—	937
Utah Education Network	17,080	—	—	17,080
Medical Education Council	1,243	—	474	1,717
Total Higher Education	$ 746,595	$ 6,450	$ 630,239	$ 1,383,284

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
21,092	—	—	—
150	—	—	—
2,539	—	—	—
181,524	—	—	—
257	—	—	—
5,147	—	138	—
14,604	—	—	—
14,192	—	—	—
5,998	—	—	—
1,810	—	—	—
14,664	—	—	—
105	—	—	—
1,383	—	—	—
254	—	—	—
3,430	—	—	—
23,833	—	—	—
10,572	—	—	—
1,700	—	—	—
122,489	—	—	—
341	—	—	—
62,246	—	—	—
89	—	—	—
521	—	—	—
96	—	—	—
25,788	—	—	—
32	—	—	—
1,255	—	—	—
43,700	—	—	—
26	—	—	—
73	—	—	—
154,109	—	—	—
157	—	—	—
111,482	—	—	—
178	—	—	—
6,921	—	—	—
4,766	—	—	—
8,725	—	—	—
9,178	—	—	—
10,321	—	—	—
4,825	—	—	—
4,947	—	—	—
2,193	—	—	—
2,005	—	—	—
937	—	—	—
17,080	—	—	—
1,044	—	—	673
$ 1,382,473	$ 0	$ 138	$ 673

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
WORKFORCE SERVICES				
Food Stamps – EBT Issuances	$ —	$ 406,291	$ —	$ 406,291
DWS – General Assistance	5,129	—	—	5,129
DWS – Administration	2,838	5,973	1,261	10,072
DWS – Unemployment Insurance	2,058	23,223	473	25,754
DWS – Unemployment Compensation Trust	800	—	—	800
DWS – Operations and Policy	66,026	193,615	23,778	283,419
Total Workforce Services	$ 76,851	$ 629,102	$ 25,512	$ 731,465
NATURAL RESOURCES				
Department of Natural Resources	$ 3,329	$ —	$ —	$ 3,329
Rent, Utilities, and Fixtures	1,692	—	—	1,692
Forestry, Fire, and State Lands	10,042	6,017	8,956	25,015
Oil, Gas, and Mining	6,509	5,045	157	11,711
Wildlife Resources	38,729	11,481	320	50,530
Species Protection	650	—	2,450	3,100
Watershed Development	2,127	—	500	2,627
Contributed Research	—	—	916	916
Cooperative Environmental Studies	—	6,136	6,422	12,558
Parks and Recreation	26,875	1,754	585	29,214
Parks and Recreation – Capital Development	6,875	1,223	822	8,920
Utah Geological Survey	7,198	965	1,795	9,958
Water Resources	5,409	—	150	5,559
Wildlife Resources – Capital Development	1,205	1,128	—	2,333
Water Rights	7,492	94	1,511	9,097
Public Lands Policy Office	2,095	—	—	2,095
Total Natural Resources	$ 120,227	$ 33,843	$ 24,584	$ 178,654
COMMUNITY AND CULTURE				
Community and Culture	$ 3,469	$ —	$ 6	$ 3,475
Indian Affairs	251	—	35	286
State History	2,040	757	62	2,859
Historical Society	112	—	39	151
Fine Arts	8,091	589	253	8,933
Museum Services	1,821	—	—	1,821
State Library	4,468	1,956	2,077	8,501
Community Development	5,332	48,253	2,016	55,601
Community Development Capital	58,863	—	—	58,863
Zoos	908	—	—	908
Housing Loans	10	—	—	10
Total Community and Culture	$ 85,365	$ 51,555	$ 4,488	$ 141,408

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 406,291	$ —	$ —	$ —
4,502	27	—	600
9,871	—	—	201
25,699	—	—	55
—	—	800	—
276,595	268	—	6,556
$ 722,958	$ 295	$ 800	$ 7,412
$ 3,152	$ —	$ —	$ 177
1,692	—	—	—
22,104	—	—	2,911
10,268	—	66	1,377
47,323	—	3,207	—
2,994	—	106	—
1,948	—	—	679
916	—	—	—
12,558	—	—	—
26,590	—	2,265	359
3,779	—	—	5,141
8,503	—	425	1,030
5,395	—	85	79
1,861	—	—	472
8,527	78	—	492
1,588	—	185	322
$ 159,198	$ 78	$ 6,339	$ 13,039
$ 2,625	$ 196	$ —	$ 654
239	—	—	47
2,859	—	—	—
91	—	—	60
7,038	—	—	1,895
1,821	—	—	—
8,209	—	—	292
55,261	53	206	81
58,863	—	—	—
908	—	—	—
10	—	—	—
$ 137,924	$ 249	$ 206	$ 3,029

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
BUSINESS, LABOR, and AGRICULTURE				
Department of Agriculture and Food	$ 11,189	$ 5,899	$ 5,128	$ 22,216
AGR – Building Operations	305	—	—	305
AGR – Utah State Fair	675	—	—	675
AGR – Predatory Animal Control	1,308	—	625	1,933
AGR – Rangeland Improvement	2,514	—	—	2,514
AGR – Resource Conservation	1,667	—	—	1,667
AGR – Taylor Grazing	—	133	—	133
Labor Commission	9,619	3,006	20	12,645
Department of Commerce	24,000	417	588	25,005
COM Building Inspector Training	770	—	248	1,018
COM/Public Utilities – Professional Services	1,946	—	—	1,946
COM/Consumer Services – Professional Services	1,896	—	—	1,896
Financial Institutions	5,995	—	—	5,995
Insurance Department	9,924	923	—	10,847
Comprehensive Health Insurance Pool	8,075	—	—	8,075
Bail Bond Program	23	—	—	23
Title Insurance Program	84	—	—	84
Risk Adjuster	147	—	—	147
Public Service Commission	2,027	819	82	2,928
PSC – Speech and Hearing Impaired	1,062	—	1,971	3,033
Total Business, Labor, and Agriculture	$ 83,226	$ 11,197	$ 8,662	$ 103,085
TOTAL GENERAL FUND				
Total Expenditures	$ 2,887,104	$ 2,550,693	$ 1,259,366	$ 6,697,163

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 20,568	$ —	$ 227	$ 1,421
305	—	—	—
675	—	—	—
1,568	55	110	200
1,654	—	—	860
1,587	—	36	44
133	—	—	—
12,153	4	488	—
22,893	13	707	1,392
239	—	—	779
381	—	—	1,565
420	—	—	1,476
5,715	—	280	—
9,561	—	393	893
8,075	—	—	—
23	—	—	—
77	—	—	7
6	—	3	138
2,786	—	—	142
1,076	—	—	1,957
$ 89,895	$ 72	$ 2,244	$ 10,874
$ 6,463,535	$ 2,195	$ 28,356	$ 203,077

Detail Schedule of Expenditures—Budget and Actual Comparison
Education Fund, Transportation Fund,
Transportation Investment Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
EDUCATION FUND				
Office of Education				
State Office of Education	$ 36,718	$ 307,235	$ 6,550	$ 350,503
State Office of Rehabilitation	17,628	58,135	882	76,645
Child Nutrition	149	141,197	32,039	173,385
Fine Arts Outreach	3,000	—	—	3,000
Educational Contracts	3,255	—	—	3,255
Charter School Board	574	2,551	4	3,129
Science Outreach	2,000	—	—	2,000
Educator Licensing	2,169	—	—	2,169
Initiative Programs	15,492	—	—	15,492
Basic School Program	1,858,762	18,376	—	1,877,138
Related to Basic Programs	466,158	—	—	466,158
Voted and Board Leeway Programs	97,797	—	—	97,797
School Building Programs	14,400	—	16	14,416
Teacher Salary Supplement	5,000	—	—	5,000
Commodities	—	17,252	—	17,252
Indirect Cost Pool	1,539	—	4,107	5,646
Total Office of Education	2,524,641	544,746	43,598	3,112,985
Schools for the Deaf and the Blind				
Schools for the Deaf and the Blind	$ 22,747	$ 87	$ 5,100	$ 27,934
Institutional Council	—	—	500	500
Total Schools for the Deaf and the Blind	22,747	87	5,600	28,434
Total Education Fund	$ 2,547,388	$ 544,833	$ 49,198	$ 3,141,419
TRANSPORTATION FUND				
Support Services	$ 27,064	$ 2,323	$ —	$ 29,387
Engineering Services	16,127	13,647	1,317	31,091
Maintenance Management	133,018	8,565	2,210	143,793
Construction Management	73,154	426,599	79,066	578,819
Region Management	22,215	3,090	1,671	26,976
Equipment Management	53	—	30,050	30,103
Aeronautics	7,248	119	24,640	32,007
Share the Road	18	—	—	18
B and C Roads	124,578	—	—	124,578
Safe Sidewalk Construction	1,020	—	—	1,020
Mineral Lease	61,388	—	—	61,388
Corridor Preservation	24,050	—	—	24,050
Tollway	808	—	—	808
Counties of the 1st and 2nd Class	9,222	—	—	9,222
Highway Projects Within Counties	1,301	—	—	1,301
Nonappropriated	—	—	7,235	7,235
Total Transportation Fund	$ 501,264	$ 454,343	$ 146,189	$ 1,101,796
TRANSPORTATION INVESTMENT FUND				
Centennial Highway Program	$ 740,409	$ —	$ 162	$ 740,571
Critical Highway Needs	186,532	—	1,111	187,643
Total Transportation Investment Fund	$ 926,941	$ 0	$ 1,273	$ 928,214
DEBT SERVICE FUNDS				
General Government	$ 405,675	$ 15,252	$ 5,478	$ 426,405
State Building Ownership Authority	11,013	1,748	16,582	29,343
Total Debt Service Funds	$ 416,688	$ 17,000	$ 22,060	$ 455,748

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 339,342	$ —	$ 153	$ 11,008
76,645	—	—	—
173,385	—	—	—
3,000	—	—	—
3,088	—	—	167
2,917	—	—	212
2,000	—	—	—
1,673	—	496	—
11,415	—	375	3,702
1,833,183	—	—	43,955
453,331	—	—	12,827
60,279	—	—	37,518
14,400	16	—	—
4,269	—	—	731
17,252	—	—	—
4,107	—	1,539	—
3,000,286	16	2,563	110,120
$ 27,934	$ —	$ —	$ —
500	—	—	—
28,434	0	0	0
$ 3,028,720	$ 16	$ 2,563	$ 110,120
$ 28,483	$ 704	$ —	$ 200
30,585	206	—	300
143,568	—	—	225
576,999	1,820	—	—
26,086	690	—	200
30,103	—	—	—
28,450	—	3,557	—
18	—	—	—
124,578	—	—	—
573	—	—	447
61,388	—	—	—
24,050	—	—	—
808	—	—	—
9,222	—	—	—
1,301	—	—	—
1,288	5,947	—	—
$ 1,087,500	$ 9,367	$ 3,557	$ 1,372
$ 616,132	$ 124,439	$ —	$ —
187,643	—	—	—
$ 803,775	$ 124,439	$ 0	$ 0
$ 407,319	$ 15,252	$ —	$ 3,834
27,028	—	—	2,315
$ 434,347	$ 15,252	$ 0	$ 6,149

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Nonmajor Enterprise Funds

Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal funds, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Loan Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund
This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in local school districts and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Petroleum Storage Tank Loan Fund
This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from appropriations and interest earnings on loans and invested funds.

Transportation Infrastructure Loan Fund
This fund was created as a revolving loan fund to provide infrastructure assistance to local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

Alcoholic Beverage Control
The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries (UCI)
UCI was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Federal Health Insurance Pool
The Federal Health Insurance Pool is a temporary high risk health insurance program enacted by Section 1101(b) of the Patient Protection and Affordable Care Act, Public Law 111-148, (the Affordable Care Act) known as the "Pre-Existing Condition Insurance Plan" or PCIP. The PCIP program provides health insurance coverage to uninsured individuals with pre-existing conditions who have been without insurance for at least six months. Ongoing operating costs are recovered through federal contract and premium charges.

Combining Statement Of Net Assets
Nonmajor Enterprise Funds

June 30, 2012 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 11,723	$ 8,100	$ 3,369	$ 5,153
Receivables:				
Accounts, net	56	—	—	—
Accrued Interest	955	659	1	1
Notes/Loans/Mortgages, net	2,916	4,269	496	69
Due From Other Funds	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	15,650	13,028	3,866	5,223
Noncurrent Assets:				
Investments	766	—	—	—
Accrued Interest Receivable	953	—	—	—
Notes/Loans/Mortgages Receivables, net	93,170	38,785	1,507	561
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	94,889	38,785	1,507	561
Total Assets	110,539	51,813	5,373	5,784
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	113	24	155	—
Deposits	97	—	—	—
Due To Other Funds	—	1	—	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Policy Claims Liabilities	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	210	25	155	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	210	25	155	0
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	—	—	—	—
Restricted for:				
Loan Programs	68,380	4,414	—	—
Unrestricted	41,949	47,374	5,218	5,784
Total Net Assets	$ 110,329	$ 51,788	$ 5,218	$ 5,784

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 2,139	$ 137	$ 1,917	$ 8,250	$ 782	$ —	$ 41,570
—	2,985	862	8,648	247	2,980	15,778
16	—	—	—	—	—	1,632
1,074	—	—	—	—	—	8,824
—	12,041	598	35	—	—	12,674
—	—	—	—	2	10	12
—	29,719	1,010	—	21	—	30,750
3,229	44,882	4,387	16,933	1,052	2,990	111,240
—	—	—	—	224	—	990
—	—	—	—	—	—	953
781	—	—	—	—	—	134,804
—	22,460	—	263	32	—	22,755
—	—	304	—	—	—	304
—	74,390	3,943	233	143	—	78,709
—	9,117	3,179	1,105	60	—	13,481
—	328	69	—	—	—	397
—	(23,222)	(3,311)	(1,123)	(145)	—	(27,821)
0	83,073	4,184	478	90	0	87,825
781	83,073	4,184	478	314	0	224,572
4,010	127,955	8,571	17,411	1,366	2,990	335,812
—	9,516	1,744	686	91	99	12,428
—	—	—	—	—	—	97
—	14,968	70	5,047	—	—	20,086
—	—	—	7	—	—	7
—	967	—	3,719	—	43	4,729
—	—	—	—	—	2,848	2,848
—	4,686	143	—	—	—	4,829
0	30,137	1,957	9,459	91	2,990	45,024
—	83,479	1,827	—	—	—	85,306
0	83,479	1,827	0	0	0	85,306
0	113,616	3,784	9,459	91	2,990	130,330
—	6,767	2,229	478	90	—	9,564
4,010	—	—	—	—	—	76,804
—	7,572	2,558	7,474	1,185	—	119,114
$ 4,010	$ 14,339	$ 4,787	$ 7,952	$ 1,275	$ 0	$ 205,482

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ —	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	1,781	1,384	1	12
Miscellaneous	29	2	—	—
Total Operating Revenues	1,810	1,386	1	12
OPERATING EXPENSES				
Administration	428	349	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	1,105	—	207	—
Rentals and Leases	—	4	—	—
Maintenance	38	—	—	—
Depreciation/Amortization	—	—	—	—
Benefit Claims	—	—	—	—
Miscellaneous Other:				
Data Processing	—	—	—	—
Supplies	—	—	—	—
Utilities	16	—	—	—
Advertising and Other	268	22	—	2
Total Operating Expenses	1,855	375	207	2
Operating Income (Loss)	(45)	1,011	(206)	10
NONOPERATING REVENUES (EXPENSES)				
Investment Income	18	10	1	4
Federal Contracts and Grants	6,285	—	—	—
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Total Nonoperating Revenues (Expenses)	6,303	535	1	4
Income (Loss) before Transfers	6,258	1,546	(205)	14
Transfers In	2,243	—	—	—
Transfers Out	—	(648)	(52)	(137)
Change in Net Assets	8,501	898	(257)	(123)
Net Assets – Beginning	101,828	50,890	5,475	5,907
Net Assets – Ending	$ 110,329	$ 51,788	$ 5,218	$ 5,784

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ —	$ 269,638	$ 22,192	$ 6,933	$ 34	$ 1,748	$ 300,545
—	2,302	—	27	2,543	—	4,872
67	—	—	—	—	—	3,245
—	423	—	—	78	—	532
67	272,363	22,192	6,960	2,655	1,748	309,194
—	17,269	5,161	6,460	644	357	30,668
—	169,735	12,741	—	81	—	182,557
—	—	—	—	—	—	1,312
—	902	465	772	—	—	2,143
—	2,931	1,146	133	—	—	4,248
—	3,127	312	26	12	—	3,477
—	—	—	—	—	13,697	13,697
—	1,658	184	659	—	—	2,501
—	308	521	142	—	—	971
—	283	91	107	—	—	497
—	1,832	372	1,481	1,672	—	5,649
0	198,045	20,993	9,780	2,409	14,054	247,720
67	74,318	1,199	(2,820)	246	(12,306)	61,474
(1)	33	—	(34)	11	—	42
—	325	—	—	—	12,306	18,916
—	43	(5)	—	—	—	38
—	—	—	—	—	—	525
—	(3,931)	(105)	—	—	—	(4,036)
(1)	(3,530)	(110)	(34)	11	12,306	15,485
66	70,788	1,089	(2,854)	257	0	76,959
—	—	—	—	—	—	2,243
—	(70,788)	—	(2,441)	—	—	(74,066)
66	0	1,089	(5,295)	257	0	5,136
3,944	14,339	3,698	13,247	1,018	—	200,346
$ 4,010	$ 14,339	$ 4,787	$ 7,952	$ 1,275	$ 0	$ 205,482

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,707	$ 1,356	$ 1	$ 12
Receipts from Loan Maturities	5,132	5,414	99	69
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(1,434)	(11)	(372)	—
Disbursements for Loans Receivable	(10,165)	(4,235)	(909)	(425)
Payments for Employee Services and Benefits	(428)	(348)	—	—
Payments to State Suppliers	(120)	(14)	—	(2)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(5,308)	2,162	(1,181)	(346)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts and Grants and Other Revenues	6,238	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	2,243	—	—	—
Transfers Out to Other Funds	—	(648)	(52)	(137)
Net Cash Provided (Used) by Noncapital Financing Activities	8,481	(123)	(52)	(137)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	18	10	1	4
Net Cash Provided (Used) by Investing Activities	18	10	1	4
Net Cash Provided (Used) – All Activities	3,191	2,049	(1,232)	(479)
Cash and Cash Equivalents – Beginning	8,532	6,051	4,601	5,632
Cash and Cash Equivalents – Ending	$ 11,723	$ 8,100	$ 3,369	$ 5,153

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 72	$ 326,100	$ 11,091	$ 10,917	$ 2,631	$ 1,758	$ 355,645
1,337	—	—	—	—	—	12,051
—	—	10,545	—	—	—	10,545
—	(176,874)	(13,244)	(2,794)	(1,752)	(12,033)	(208,514)
(900)	—	—	—	—	—	(16,634)
—	(15,487)	(5,176)	(6,298)	(644)	—	(28,381)
—	(3,333)	(1,851)	(4,725)	—	—	(10,045)
—	(52,348)	—	—	—	—	(52,348)
509	78,058	1,365	(2,900)	235	(10,275)	62,319
—	14,642	—	—	—	—	14,642
—	(15,608)	—	—	—	—	(15,608)
—	—	—	—	—	10,257	16,495
—	—	—	—	—	—	525
—	—	—	—	—	—	2,243
—	(70,788)	—	(2,441)	—	—	(74,066)
0	(71,754)	0	(2,441)	0	10,257	(55,769)
—	368	—	—	—	—	368
—	(4,151)	(133)	—	—	—	(4,284)
—	(178)	(147)	—	—	—	(325)
—	(2,376)	(96)	—	—	—	(2,472)
0	(6,337)	(376)	0	0	0	(6,713)
—	—	—	—	16	—	16
(1)	33	—	(34)	11	—	42
(1)	33	0	(34)	27	0	58
508	—	989	(5,375)	262	(18)	(105)
1,631	137	928	13,625	520	18	41,675
$ 2,139	$ 137	$ 1,917	$ 8,250	$ 782	$ 0	$ 41,570

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (45)	$ 1,011	$ (206)	$ 10
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	—	1	—	—
Notes/Accrued Interest Receivables	(4,932)	1,149	(810)	(356)
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	(331)	1	(165)	—
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (5,308)	$ 2,162	$ (1,181)	$ (346)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ (38)	$ (26)	$ (27)	$ (33)
Total Noncash Investing, Capital, and Financing Activities	$ (38)	$ (26)	$ (27)	$ (33)

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 67	$ 74,318	$ 1,199	$ (2,820)	$ 246	$ (12,306)	$ 61,474
—	3,127	312	26	12	—	3,477
—	1,651	(556)	3,822	(23)	(27)	4,868
442	—	—	—	—	—	(4,507)
—	670	143	—	—	—	813
—	—	—	—	—	(10)	(10)
—	(1,446)	267	(4,063)	—	84	(5,653)
—	(262)	—	135	—	34	(93)
—	—	—	—	—	1,950	1,950
$ 509	$ 78,058	$ 1,365	$ (2,900)	$ 235	$ (10,275)	$ 62,319
$ (9)	$ —	$ —	$ —	$ —	$ —	$ (133)
$ (9)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (133)

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Internal Service Funds

Technology Services

This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services

This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides central warehouse services for the Department of Natural Resources.

Fleet Operations

This fund provides motor pool, fuel network, and travel services to state agencies.

Risk Management

This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management

This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

Human Resource Management

This fund provides human resource and payroll services to state agencies.

Combining Statement Of Net Assets
Internal Service Funds

June 30, 2012 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ —	$ 2,659	$ 78	$ 55,288
Receivables:				
Accounts, net	319	1,888	2,720	—
Due From Other Funds	20,297	2,213	3,126	577
Due From Component Units	—	13	19	5
Prepaid Items	4,127	177	—	—
Inventories	370	1,338	4,192	—
Deferred Charges	—	—	—	—
Total Current Assets	25,113	8,288	10,135	55,870
Noncurrent Assets:				
Prepaid Items	—	8	—	250
Notes/Loans/Mortgages Receivables, net	—	—	—	2,123
Deferred Charges	—	—	—	—
Capital Assets:				
Land	17	—	—	—
Infrastructure	303	—	—	—
Buildings and Improvements	4,611	1,379	193	—
Machinery and Equipment	65,587	11,885	118,307	—
Intangible Assets–Software	7,036	120	200	351
Construction in Progress	197	—	—	—
Less Accumulated Depreciation	(62,795)	(9,504)	(53,473)	(70)
Total Capital Assets	14,956	3,880	65,227	281
Total Noncurrent Assets	14,956	3,888	65,227	2,654
Total Assets	40,069	12,176	75,362	58,524
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	16,402	2,046	4,546	248
Due To Other Funds	335	37	22	491
Interfund Loans Payable	7,761	1,832	24,868	—
Unearned Revenue	—	17	—	—
Policy Claims Liabilities	—	—	—	17,013
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	80	—	—
Total Current Liabilities	24,498	4,012	29,436	17,752
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	165
Interfund Loans Payable	2,410	2,383	8,744	—
Policy Claims Liabilities	—	—	—	27,687
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	508	—	—
Total Noncurrent Liabilities	2,410	2,891	8,744	27,852
Total Liabilities	26,908	6,903	38,180	45,604
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	14,956	3,357	65,227	281
Restricted for:				
Insurance Programs	—	—	—	6,526
Unrestricted (Deficit)	(1,795)	1,916	(28,045)	6,113
Total Net Assets	$ 13,161	$ 5,273	$ 37,182	$ 12,920

Property Management	Human Resource Management	Total
$ 5,759	$ 2,662	$ 66,446
19	—	4,946
278	94	26,585
1,053	—	1,090
—	168	4,472
—	—	5,900
23	—	23
7,132	2,924	109,462
—	—	258
—	—	2,123
423	—	423
—	—	17
—	—	303
—	—	6,183
663	54	196,496
—	42	7,749
—	—	197
(621)	(51)	(126,514)
42	45	84,431
465	45	87,235
7,597	2,969	196,697
2,341	546	26,129
29	35	949
—	—	34,461
—	—	17
—	—	17,013
23	—	23
—	—	80
2,393	581	78,672
—	—	165
—	—	13,537
—	—	27,687
423	—	423
—	—	508
423	0	42,320
2,816	581	120,992
42	45	83,908
—	—	6,526
4,739	2,343	(14,729)
$ 4,781	$ 2,388	$ 75,705

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Assets
Internal Service Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 148,408	$ 20,324	$ 64,556	$ 37,122
Miscellaneous	—	83	94	—
Total Operating Revenues	148,408	20,407	64,650	37,122
OPERATING EXPENSES				
Administration	73,811	3,910	2,054	2,679
Materials and Services for Resale	15,413	11,346	39,233	18,973
Rentals and Leases	341	249	328	25
Maintenance	766	520	15,494	1
Depreciation/Amortization	6,440	1,649	9,399	70
Benefit Claims	—	—	—	12,654
Miscellaneous Other:				
Data Processing	51,174	115	595	175
Supplies	444	71	152	124
Utilities	454	30	332	22
Advertising and Other	2,162	515	1,396	1,714
Total Operating Expenses	151,005	18,405	68,983	36,437
Operating Income (Loss)	(2,597)	2,002	(4,333)	685
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	341
Federal Grants	—	—	18	—
Disposal of Capital Assets	(3)	16	583	—
Interest Expense	—	(30)	—	—
Refunds Paid to Federal Government	—	(11)	(263)	—
Other Revenues (Expenses)	—	(211)	669	(812)
Total Nonoperating Revenues (Expenses)	(3)	(236)	1,007	(471)
Income (Loss) before Transfers	(2,600)	1,766	(3,326)	214
Transfers In	—	—	95	—
Transfers Out	—	—	(2,000)	—
Change in Net Assets	(2,600)	1,766	(5,231)	214
Net Assets – Beginning	15,761	3,507	42,413	12,706
Net Assets – Ending	$ 13,161	$ 5,273	$ 37,182	$ 12,920

Property Management	Human Resource Management	Total
$ 26,455	$ 10,481	$ 307,346
—	—	177
26,455	10,481	307,523
7,944	9,000	99,398
—	—	84,965
433	11	1,387
8,799	4	25,584
23	9	17,590
—	—	12,654
385	920	53,364
134	110	1,035
8,860	119	9,817
946	1,059	7,792
27,524	11,232	313,586
(1,069)	(751)	(6,063)
—	—	341
—	—	18
—	2	598
(22)	—	(52)
—	—	(274)
—	—	(354)
(22)	2	277
(1,091)	(749)	(5,786)
—	—	95
—	—	(2,000)
(1,091)	(749)	(7,691)
5,872	3,137	83,396
$ 4,781	$ 2,388	$ 75,705

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,912	$ 4,182	$ 23,631	$ 19,711
Receipts from State Customers	145,429	16,079	45,310	16,932
Payments to Suppliers/Claims/Grants	(51,833)	(13,967)	(26,931)	(27,892)
Payments for Employee Services and Benefits	(73,948)	(3,875)	(2,050)	(2,664)
Payments to State Suppliers and Grants	(17,912)	—	(31,476)	(6,120)
Net Cash Provided (Used) by Operating Activities	3,648	2,419	8,484	(33)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(492)	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Transfers Out to Other Funds	—	—	(2,000)	—
Net Cash Provided (Used) by Noncapital Financing Activities	(492)	0	(2,000)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	3,176	380	6,576	—
Proceeds from Disposition of Capital Assets	122	50	3,065	—
Federal Grants and Other Revenues	—	—	687	—
Principal Paid on Debt and Contract Maturities	—	(76)	—	—
Acquisition and Construction of Capital Assets	(6,454)	(1,436)	(16,922)	(289)
Interest Paid on Bonds, Notes, and Capital Leases	—	(16)	—	—
Transfers In from Other Funds	—	—	95	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,156)	(1,098)	(6,499)	(289)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	341
Net Cash Provided (Used) by Investing Activities	0	0	0	341
Net Cash Provided (Used) – All Activities	0	1,321	(15)	19
Cash and Cash Equivalents – Beginning	—	1,338	93	55,269
Cash and Cash Equivalents – Ending	$ 0	$ 2,659	$ 78	$ 55,288

Property Management	Human Resource Management	Total
$ 920	$ 215	$ 50,571
24,655	10,176	258,581
(18,677)	(337)	(139,637)
(7,928)	(9,006)	(99,471)
(614)	(1,912)	(58,034)
(1,644)	(864)	12,010
—	—	(492)
(20)	—	(20)
(22)	—	(22)
—	—	(2,000)
(42)	0	(2,534)
—	—	10,132
—	2	3,239
—	—	687
—	—	(76)
(36)	(54)	(25,191)
—	—	(16)
—	—	95
(36)	(52)	(11,130)
—	—	341
0	0	341
(1,722)	(916)	(1,313)
7,481	3,578	67,759
$ 5,759	$ 2,662	$ 66,446

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (2,597)	$ 2,002	$ (4,333)	$ 685
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	6,440	1,649	9,399	70
Miscellaneous Gains, Losses, and Other Items	—	(222)	(263)	(812)
Net Changes in Assets and Liabilities:				
Accounts Receivable/Due From Other Funds	(1,067)	67	4,291	8
Notes/Accrued Interest Receivables	—	—	—	(487)
Inventories	(135)	(105)	(81)	—
Prepaid Items/Deferred Charges	(2,447)	(4)	—	—
Accrued Liabilities/Due to Other Funds	3,454	(966)	(529)	(1,466)
Unearned Revenue/Deposits	—	(2)	—	—
Policy Claims Liabilities	—	—	—	1,969
Net Cash Provided (Used) by Operating Activities	$ 3,648	$ 2,419	$ 8,484	$ (33)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (58)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (58)

Property Management	Human Resource Management	Total
$ (1,069)	$ (751)	$ (6,063)
23	9	17,590
—	—	(1,297)
(880)	(90)	2,329
—	—	(487)
—	—	(321)
20	(168)	(2,599)
262	136	891
—	—	(2)
—	—	1,969
$ (1,644)	$ (864)	$ 12,010
$ (12)	$ —	$ (70)
$ (12)	$ 0	$ (70)

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Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trusts funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Royalties Holding

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net assets of the fund are held in trust for injured workers and cannot be used for any other purpose.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net assets of this fund are held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds set up to account for various receipts and disbursements.

Combining Statement Of Fiduciary Net Assets
Pension And
Other Employee Benefit Trust Funds

June 30, 2012 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 794,121	$ 50,548	$ 104,874	$ 38,045
Receivables:				
Member Contributions	—	301	37	636
Employer Contributions	34,994	563	4,030	—
Court Fees and Fire Insurance Premiums	—	—	—	3,084
Investments	349,372	22,240	46,134	16,739
Total Receivables	384,366	23,104	50,201	20,459
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	3,212,336	204,489	424,188	153,905
Equity Investments	5,848,825	372,321	772,339	280,220
Absolute Return	2,625,059	167,104	346,641	125,768
Private Equity	1,800,558	114,619	237,765	86,266
Real Assets	2,304,953	146,727	304,370	110,432
Mortgage Loans	5,468	348	721	262
Invested Securities Lending Collateral	1,383,847	88,092	182,738	66,301
Total Investments	17,181,046	1,093,700	2,268,762	823,154
Capital Assets:				
Land	1,422	91	187	67
Buildings and Improvements	9,237	590	1,210	437
Machinery and Equipment	4,576	292	600	217
Less Accumulated Depreciation	(14,327)	(915)	(1,878)	(678)
Total Capital Assets	908	58	119	43
Total Assets	18,360,441	1,167,410	2,423,956	881,701
LIABILITIES				
Accounts Payable	419,385	26,690	55,367	20,088
Securities Lending Liability	1,383,847	88,092	182,738	66,301
Leave/Postemployment Benefits	9,669	616	1,277	464
Insurance Reserves	3,993	254	527	191
Real Estate Liabilities	608,075	38,708	80,296	29,133
Total Liabilities	2,424,969	154,360	320,205	116,177
NET ASSETS				
Held in trust for:				
Pension Benefits	15,935,472	1,013,050	2,103,751	765,524
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Assets	$ 15,935,472	$ 1,013,050	$ 2,103,751	$ 765,524

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement
$ 6,137	$ 447	$ 115	$ 6	$ 3,324	$ 41	$ 15	$ 8,329
—	—	—	—	—	—	—	—
147	—	542	12	—	—	—	—
223	—	—	—	—	—	—	—
2,700	196	50	2	73,442	7,439	—	817
3,070	196	592	14	73,442	7,439	0	817
—	—	—	—	—	—	—	—
24,822	1,805	455	15	1,336,281	149,369	28,846	—
45,195	3,285	829	27	1,437,409	160,647	24,636	—
20,284	1,474	372	12	—	—	—	—
13,913	1,011	255	9	—	—	—	—
17,811	1,295	327	11	34,963	4,049	943	—
42	3	1	—	—	—	—	—
10,693	777	196	7	—	—	—	—
132,760	9,650	2,435	81	2,808,653	314,065	54,425	0
11	2	—	—	—	—	—	—
71	10	—	—	—	—	—	—
35	5	—	—	—	—	—	—
(110)	(16)	—	—	—	—	—	—
7	1	0	0	0	0	0	0
141,974	10,294	3,142	101	2,885,419	321,545	54,440	9,146
3,240	235	59	2	4,412	189	27	33
10,693	777	196	7	—	—	—	—
75	6	2	—	—	—	—	—
31	2	—	—	—	—	—	—
4,700	341	86	3	—	—	—	—
18,739	1,361	343	12	4,412	189	27	33
123,235	8,933	2,799	89	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	2,881,007	321,356	54,413	9,113
$ 123,235	$ 8,933	$ 2,799	$ 89	$ 2,881,007	$ 321,356	$ 54,413	$ 9,113

Continues

Combining Statement Of Fiduciary Net Asse
Pension And
Other Employee Benefit Trust Funds

Continued

June 30, 2012 (Expressed in Thousands)

	Post-Retirement Benefits Trust		
	State Employee	**Elected Official**	**Total**
ASSETS			
Cash and Cash Equivalents	$ 210	$ —	$ 1,006,212
Receivables:			
Member Contributions	—	—	974
Employer Contributions	364	—	40,652
Court Fees and Fire Insurance Premiums	—	—	3,307
Investments	—	—	519,131
Total Receivables	364	0	564,064
Due From Other Funds	2,843	—	2,843
Investments:			
Debt Securities	49,623	2,038	5,588,172
Equity Investments	89,978	1,506	9,037,217
Absolute Return	—	—	3,286,714
Private Equity	—	—	2,254,396
Real Assets	—	—	2,925,881
Mortgage Loans	—	—	6,845
Invested Securities Lending Collateral	—	—	1,732,651
Total Investments	139,601	3,544	24,831,876
Capital Assets:			
Land	—	—	1,780
Buildings and Improvements	—	—	11,555
Machinery and Equipment	—	—	5,725
Less Accumulated Depreciation	—	—	(17,924)
Total Capital Assets	0	0	1,136
Total Assets	143,018	3,544	26,406,131
LIABILITIES			
Accounts Payable	—	—	529,727
Securities Lending Liability	—	—	1,732,651
Leave/Postemployment Benefits	—	356	12,465
Insurance Reserves	—	—	4,998
Real Estate Liabilities	—	—	761,342
Total Liabilities	0	356	3,041,183
NET ASSETS			
Held in trust for:			
Pension Benefits	—	—	19,952,853
Other Postemployment Benefits	143,018	3,188	146,206
Defined Contribution	—	—	3,265,889
Total Net Assets	$ 143,018	$ 3,188	$ 23,364,948

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Combining Statement Of Changes In Fiduciary Net Assets
Pension And
Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 12,879	$ 7,300	$ 1,070	$ 17,328
Employer	610,270	11,125	110,829	316
Court Fees and Fire Insurance Premiums	—	—	—	12,689
Total Contributions	623,149	18,425	111,899	30,333
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	101,015	6,550	13,260	4,840
Interest, Dividends, and Other Investment Income	337,591	21,890	44,318	16,175
Less Investment Expenses	(37,501)	(2,431)	(4,923)	(1,797)
Net Investment Income	401,105	26,009	52,655	19,218
Transfers From Affiliated Systems	—	32,064	3,303	1,699
Total Additions	1,024,254	76,498	167,857	51,250
DEDUCTIONS				
Retirement Benefits	709,359	52,933	99,685	32,716
Cost of Living Benefits	134,337	15,160	20,482	8,313
Supplemental Retirement Benefits	—	282	403	377
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	2,514	1,872	536	268
Administrative Expenses	7,304	449	1,019	312
Transfers To Affiliated Systems	37,473	—	—	—
Total Deductions	890,987	70,696	122,125	41,986
Change in Net Assets Held in Trust for:				
Pension Benefits	133,267	5,802	45,732	9,264
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Assets – Beginning	15,802,205	1,007,248	2,058,019	756,260
Net Assets – Ending	$ 15,935,472	$ 1,013,050	$ 2,103,751	$ 765,524

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457 Plan	IRA Plans	Health Reimbursement Arrangement
$ —	$ —	$ —	$ —	$ 210,592	$ 26,441	$ 13,965	$ —
3,588	153	2,790	89	—	—	—	4,264
1,815	—	—	—	—	—	—	—
5,403	153	2,790	89	210,592	26,441	13,965	4,264
784	58	2	—	(15,247)	(2,423)	(513)	—
2,621	195	8	—	3,172	301	—	17
(291)	(22)	(1)	—	(2,789)	(300)	(50)	—
3,114	231	9	0	(14,864)	(2,422)	(563)	17
390	17	—	—	—	—	—	—
8,907	401	2,799	89	195,728	24,019	13,402	4,281
6,974	639	—	—	—	—	—	—
1,675	162	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	194,933	18,811	5,699	1,426
60	4	—	—	6,465	726	112	17
—	—	—	—	—	—	—	—
8,709	805	0	0	201,398	19,537	5,811	1,443
198	(404)	2,799	89	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	(5,670)	4,482	7,591	2,838
123,037	9,337	—	—	2,886,677	316,874	46,822	6,275
$ 123,235	$ 8,933	$ 2,799	$ 89	$ 2,881,007	$ 321,356	$ 54,413	$ 9,113

Continues

Combining Statement Of Changes In Fiducia
Pension And
Other Employee Benefit Trust Funds

Continued

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Post-Retirement Benefits Trust		
	State Employee	**Elected Official**	**Total**
ADDITIONS			
Contributions:			
Member	$ —	$ —	$ 289,575
Employer	43,293	3,470	790,187
Court Fees and Fire Insurance Premiums	—	—	14,504
Total Contributions	43,293	3,470	1,094,266
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	6,060	71	114,457
Interest, Dividends, and Other Investment Income	78	3	426,369
Less Investment Expenses	—	—	(50,105)
Net Investment Income	6,138	74	490,721
Transfers From Affiliated Systems	—	—	37,473
Total Additions	49,431	3,544	1,622,460
DEDUCTIONS			
Retirement Benefits	—	—	902,306
Cost of Living Benefits	—	—	180,129
Supplemental Retirement Benefits	—	—	1,062
Retiree Healthcare Benefits	30,344	356	30,700
Refunds/Plan Distributions	—	—	226,059
Administrative Expenses	—	—	16,468
Transfers To Affiliated Systems	—	—	37,473
Total Deductions	30,344	356	1,394,197
Change in Net Assets Held in Trust for:			
Pension Benefits	—	—	196,747
Other Postemployment Benefits	19,087	3,188	22,275
Defined Contribution	—	—	9,241
Net Assets – Beginning	123,931	—	23,136,685
Net Assets – Ending	$ 143,018	$ 3,188	$ 23,364,948

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Combining Statement Of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2012 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 248	$ —	$ 3,043	$ 836
Receivables:				
Accounts	2,489	—	5,013	4
Accrued Assessments	—	—	2,986	—
Court Settlement	23,000	—	—	—
Due From Other Funds	828	—	3	—
Investments:				
Debt Securities	23,204	57,302	168,876	15,065
Equity Investments	101	10,031	—	—
Total Investments	23,305	67,333	168,876	15,065
Capital Assets:				
Land	271	—	—	—
Buildings and Improvements	10,715	—	—	—
Machinery and Equipment	173	—	—	—
Less Accumulated Depreciation	(2,911)	—	—	—
Total Capital Assets	8,248	0	0	0
Total Assets	58,118	67,333	179,921	15,905
LIABILITIES				
Accounts Payable	307	4	135	217
Due To Other Funds	123	—	66	—
Unearned Revenue	5	—	—	229
Policy Claims Liabilities	—	—	239,373	30,477
Total Liabilities	435	4	239,574	30,923
NET ASSETS				
Held in trust for:				
Individuals, Organizations, and Other Governments	57,683	67,329	(59,653)	(15,018)
Total Net Assets	$ 57,683	$ 67,329	$ (59,653)	$ (15,018)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,157	$ 670	$ 5,954
—	—	7,506
—	—	2,986
—	—	23,000
—	405	1,236
595,487	16,619	876,553
4,123,377	—	4,133,509
4,718,864	16,619	5,010,062
—	—	271
—	—	10,715
1,087	—	1,260
(827)	—	(3,738)
260	0	8,508
4,720,281	17,694	5,059,252
748	163	1,574
—	6	195
—	—	234
—	—	269,850
748	169	271,853
4,719,533	17,525	4,787,399
$ 4,719,533	$ 17,525	$ 4,787,399

Combining Statement Of Changes In Fiduciary Net Assets
Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Total Contributions	0	0	0	0
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	56	6	(74)	(89)
Interest, Dividends, and Other Investment Income	128	471	1,203	107
Total Investment Income	184	477	1,129	18
Other Additions:				
Escheats	—	22,072	—	—
Royalties and Rents	5,417	—	—	—
Fees, Assessments, and Revenues	40	—	14,799	5,141
Court Settlement / Miscellaneous	—	—	—	—
Total Other	5,457	22,072	14,799	5,141
Total Additions	5,641	22,549	15,928	5,159
DEDUCTIONS				
Trust Operating Expenses	119	—	—	2,029
Distributions and Benefit Payments	—	11,711	7,646	—
Administrative and General Expenses	1,849	3,873	3,390	1,306
Total Deductions	1,968	15,584	11,036	3,335
Change in Net Assets Held in Trust for:				
Individuals, Organizations, and Other Governments	3,673	6,965	4,892	1,824
Net Assets – Beginning	54,010	60,364	(64,545)	(16,842)
Net Assets – Ending	$ 57,683	$ 67,329	$ (59,653)	$ (15,018)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 565,129	$ 10,410	$ 575,539
565,129	10,410	575,539
20,494	(61)	20,332
90,326	88	92,323
110,820	27	112,655
—	—	22,072
—	—	5,417
—	22,139	42,119
2	6,052	6,054
2	28,191	75,662
675,951	38,628	763,856
—	26,640	28,788
169,816	10,404	199,577
5,968	1,841	18,227
175,784	38,885	246,592
500,167	(257)	517,264
4,219,366	17,782	4,270,135
$ 4,719,533	$ 17,525	$ 4,787,399

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2012 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ —	$ 111,268	$ 29,989	$ 28,512	$ 169,769
Accounts Receivable	81	4	—	11,654	11,739
Due From Other Funds	—	—	—	1,508	1,508
Investments:					
Debt Securities	—	1	—	24,560	24,561
Total Investments	0	1	0	24,560	24,561
Total Assets	$ 81	$ 111,273	$ 29,989	$ 66,234	$ 207,577
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 81	$ 111,273	$ 29,989	$ 66,234	$ 207,577
Total Liabilities	$ 81	$ 111,273	$ 29,989	$ 66,234	$ 207,577

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 12	$ 220,191	$ 220,203	$ —
Receivables:				
Accounts	—	81	—	81
Total Assets	$ 12	$ 220,272	$ 220,203	$ 81
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 12	$ 220,318	$ 220,249	$ 81
Total Liabilities	$ 12	$ 220,318	$ 220,249	$ 81
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 116,068	$ 1,300,441	$ 1,305,241	$ 111,268
Investments	5	2,929	2,933	1
Receivables:				
Accounts Receivable	5	4	5	4
Total Assets	$ 116,078	$ 1,303,374	$ 1,308,179	$ 111,273
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 116,078	$ 1,310,805	$ 1,315,610	$ 111,273
Total Liabilities	$ 116,078	$ 1,310,805	$ 1,315,610	$ 111,273
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 36,254	$ 111,676	$ 117,941	$ 29,989
Total Assets	$ 36,254	$ 111,676	$ 117,941	$ 29,989
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 36,254	$ 81,037	$ 87,302	$ 29,989
Total Liabilities	$ 36,254	$ 81,037	$ 87,302	$ 29,989
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 21,595	$ 1,907,236	$ 1,900,319	$ 28,512
Investments	22,686	134,287	132,413	24,560
Receivables:				
Accounts Receivable	10,216	1,651	213	11,654
Due From Other Funds	253	1,509	254	1,508
Total Assets	$ 54,750	$ 2,044,683	$ 2,033,199	$ 66,234
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 54,750	$ 1,821,462	$ 1,809,978	$ 66,234
Total Liabilities	$ 54,750	$ 1,821,462	$ 1,809,978	$ 66,234
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 173,929	$ 3,539,544	$ 3,543,704	$ 169,769
Investments	22,691	137,216	135,346	24,561
Receivables:				
Accounts Receivable	10,221	1,736	218	11,739
Due From Other Funds	253	1,509	254	1,508
Total Assets	$ 207,094	$ 3,680,005	$ 3,679,522	$ 207,577
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 207,094	$ 3,433,622	$ 3,433,139	$ 207,577
Total Liabilities	$ 207,094	$ 3,433,622	$ 3,433,139	$ 207,577

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Nonmajor Component Units

Comprehensive Health Insurance Pool

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with both appropriations from the General Fund and federal grants.

Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University
Southern Utah University
Salt Lake Community College
Utah Valley University
Dixie State College of Utah
Snow College
Utah College of Applied Technology

Combining Statement Of Net Assets
Nonmajor Component Units

June 30, 2012 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 23,500	$ 1,444	$ 2,924	$ —	$ 1,480
Investments	—	—	—	—	—
Receivables:					
Accounts, net	58	690	—	26	117
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	476	—	—	—
Prepaid Items	—	—	—	—	38
Inventories	—	—	—	35	—
Deferred Charges	—	—	149	—	—
Total Current Assets	23,558	2,610	3,073	61	1,635
Noncurrent Assets:					
Restricted Investments	—	—	685	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	14,091	5	2,527	704
Total Noncurrent Assets	0	14,091	690	2,527	704
Total Assets	23,558	16,701	3,763	2,588	2,339
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	31	1,285	107	349	417
Deposits	—	—	—	—	—
Due To Primary Government	—	202	—	—	—
Unearned Revenue	313	14	—	—	101
Current Portion of Long-term Liabilities	2,841	—	82	275	51
Total Current Liabilities	3,185	1,501	189	624	569
Noncurrent Liabilities:					
Unearned Revenue	—	—	—	—	—
Deposits	—	—	—	—	—
Long-term Liabilities	—	—	2,463	292	—
Total Noncurrent Liabilities	0	0	2,463	292	0
Total Liabilities	3,185	1,501	2,652	916	569
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	—	14,091	5	2,527	653
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	719	—	50
Unrestricted (Deficit)	20,373	1,109	387	(855)	1,067
Total Net Assets	$ 20,373	$ 15,200	$ 1,111	$ 1,672	$ 1,770

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State College of Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 50,747	$ 19,161	$ 21,084	$ 148,379	$ 20,699	$ 7,477	$ 17,631	$ 314,526
33,414	13,076	47,807	—	—	250	997	95,544
4,239	3,989	6,882	7,256	833	489	3,985	28,564
2,354	282	479	4,522	891	607	250	9,385
157	—	—	—	—	112	—	269
—	—	—	—	—	—	—	476
295	4,761	17	1,312	22	90	129	6,664
3,204	855	2,445	3,877	1,259	345	1,909	13,929
386	—	—	—	—	13	—	548
94,796	42,124	78,714	165,346	23,704	9,383	24,901	469,905
21,796	13,222	11,793	26,143	4,667	13,871	339	92,516
1,981	—	—	2,700	622	—	—	5,303
108,662	11,853	28,917	—	19,159	9,991	903	179,485
11,454	3,171	4,064	10,992	1,820	194	187	31,882
—	706	297	3,577	636	291	—	5,507
223,146	137,863	181,226	275,219	133,228	101,343	147,718	1,217,070
367,039	166,815	226,297	318,631	160,132	125,690	149,147	1,531,763
461,835	208,939	305,011	483,977	183,836	135,073	174,048	2,001,668
4,620	4,824	8,459	8,285	1,510	1,621	3,920	35,428
—	555	2,273	511	203	323	499	4,364
5,146	516	1,019	1,522	2,440	4,120	254	15,219
6,805	5,652	7,603	8,709	980	403	1,282	31,862
4,555	3,177	5,558	4,871	1,851	1,005	1,307	25,573
21,126	14,724	24,912	23,898	6,984	7,472	7,262	112,446
—	—	—	3,630	—	—	—	3,630
—	—	—	—	—	61	338	399
65,989	21,630	10,487	73,546	15,227	18,014	5,895	213,543
65,989	21,630	10,487	77,176	15,227	18,075	6,233	217,572
87,115	36,354	35,399	101,074	22,211	25,547	13,495	330,018
177,010	116,904	172,455	202,341	115,220	85,422	143,034	1,029,662
58,625	16,396	3,877	15,253	18,512	5,039	846	118,548
48,493	14,943	20,351	92,485	8,085	4,064	3,984	192,405
—	—	—	—	—	—	—	769
90,592	24,342	72,929	72,824	19,808	15,001	12,689	330,266
$ 374,720	$ 172,585	$ 269,612	$ 382,903	$ 161,625	$ 109,526	$ 160,553	$ 1,671,650

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2012 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
Expenses	$ 34,171	$ 27,847	$ 17,417	$ 1,915	$ 4,126
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	22,683	5,100	9,130	1,799	3,513
Operating Grants and Contributions	851	767	—	—	—
Capital Grants and Contributions	—	—	—	—	—
Total Program Revenues	23,534	5,867	9,130	1,799	3,513
Net (Expenses) Revenues	(10,637)	(21,980)	(8,287)	(116)	(613)
General Revenues:					
State Appropriations	8,075	22,747	—	—	675
Unrestricted Investment Income	158	—	22	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues	8,233	22,747	22	0	675
Change in Net Assets	(2,404)	767	(8,265)	(116)	62
Net Assets – Beginning	22,777	14,433	9,376	1,788	1,708
Net Assets – Ending	$ 20,373	$ 15,200	$ 1,111	$ 1,672	$ 1,770

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State College of Utah	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 198,671	$ 112,145	$ 203,146	$ 279,702	$ 85,122	$ 42,708	$ 84,285	$ 1,091,255
101,883	44,964	79,572	138,676	33,322	11,138	13,720	423,275
(23,742)	(12,705)	(21,645)	(30,999)	(7,947)	(3,756)	(2,547)	(103,341)
21,845	20,988	18,566	24,030	9,395	6,424	7,923	151,396
43,728	26,240	54,330	88,699	24,819	7,753	17,559	264,746
4,408	4,863	8,916	48,959	35,559	277	2,576	105,558
148,122	84,350	139,739	269,365	95,148	21,836	39,231	841,634
(50,549)	(27,795)	(63,407)	(10,337)	10,026	(20,872)	(45,054)	(249,621)
61,491	29,886	64,714	64,588	21,516	20,296	43,170	337,158
2,360	429	2,134	2,096	3,884	—	68	11,151
1,046	4,371	—	805	564	67	—	6,853
64,897	34,686	66,848	67,489	25,964	20,363	43,238	355,162
14,348	6,891	3,441	57,152	35,990	(509)	(1,816)	105,541
360,372	165,694	266,171	325,751	125,635	110,035	162,369	1,566,109
$ 374,720	$ 172,585	$ 269,612	$ 382,903	$ 161,625	$ 109,526	$ 160,553	$ 1,671,650

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STATISTICAL SECTION

Two years ago, the Governor set a goal to double Utah's exports in five years. As a result, Utah saw a 41 percent increase the first year that included a more diversified export base ranging from life-saving medical devices to advanced semiconductors.

Merit Medical

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Statistical Section

This part of the State of Utah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Schedule A–1	Net Assets by Component	208
Schedule A–2	Changes in Net Assets	210
Schedule A–3	Fund Balances — Governmental Funds	214
Schedule A–4	Changes in Fund Balances — Governmental Funds	216

Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

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Schedule B–2	Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases	220
Schedule B–3	Revenue Payers — Personal Income Tax	221
Schedule B–4	Personal Income Tax Rates	222

Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule C–1	Ratios of Outstanding Debt by Type	224
Schedule C–2	Other Long-Term Liabilities	226
Schedule C–3	Legal Debt Margin	228
Schedule C–4	Statutory Debt Limit	228
Schedule C–5	Pledged Revenue Bond Coverage	230

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule D–1	Demographic and Economic Indicators	231
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Schedule D–3	Composition of Labor Force	234
Schedule D–4	Public Education Student Enrollment (K–12)	236
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Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E–1	Full-Time Equivalent State Employees by Function	238
Schedule E–2	Operating Indicators by Function	240
Schedule E–3	Capital Asset Statistics by Function	242

Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

Schedule F–1	Expenditures — Historical and Constant Dollars	244
Schedule F–2	Per Capita Expenditures — Historical and Constant Dollars	245

Sources: *Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.*

Net Assets by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 7,661,130	$ 7,942,495	$ 8,197,279	$ 8,719,751
Restricted [1]	973,636	1,237,258	1,518,523	2,379,269
Unrestricted [1]	336,129	408,145	690,177	856,207
Total Governmental Activities Net Assets	8,970,895	9,587,898	10,405,979	11,955,227
Business-type Activities				
Invested in Capital Assets, Net of Related Debt	22,104	24,141	28,419	32,068
Restricted [2]	814,147	807,224	928,115	1,139,691
Unrestricted [3]	668,198	724,154	793,099	893,118
Total Business-type Activities Net Assets	1,504,449	1,555,519	1,749,633	2,064,877
Primary Government				
Invested in Capital Assets, Net of Related Debt	7,683,234	7,966,636	8,225,698	8,751,819
Restricted	1,787,783	2,044,482	2,446,638	3,518,960
Unrestricted	1,004,327	1,132,299	1,483,276	1,749,325
Total Primary Government Net Assets	$ 10,475,344	$ 11,143,417	$ 12,155,612	$ 14,020,104

Notes: This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2004 to 2007, governmental activities' restricted and unrestricted net assets increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 to 2010, governmental activities' restricted net assets decreased as the economy slowed and tax revenues declined. In fiscal years 2011 and 2012 restricted net assets increased due to slightly higher revenues from a strengthening economy.

[2] From fiscal years 2003 to 2004, business-type activities' restricted net assets decreased primarily due to unemployment claims exceeding related revenue. From fiscal years 2005 to 2008, business-type activities' restricted net assets increased due to unemployment revenues exceeding related claims. In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted assets of business-type activities.

[3] In fiscal years 2006 to 2009, business-type activities' unrestricted net assets increased primarily due to the State providing additional capital to the loan funds from mineral lease revenues.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 9,465,667	$ 10,447,357	$ 11,306,077	$ 12,005,321	$ 12,358,579	$ 12,773,959
3,043,599	2,618,556	2,349,499	2,009,168	2,337,607	2,601,082
1,163,548	1,169,342	689,052	895,517	1,055,226	1,083,417
13,672,814	14,235,255	14,344,628	14,910,006	15,751,412	16,458,458
13,008	13,837	13,751	13,061	12,862	13,293
1,334,737	1,434,828	1,269,006	1,272,090	1,311,865	1,463,006
971,435	1,037,893	1,080,231	937,452	984,552	1,053,270
2,319,180	2,486,558	2,362,988	2,222,603	2,309,279	2,529,569
9,478,675	10,461,194	11,319,828	12,018,382	12,371,441	12,787,252
4,378,336	4,053,384	3,618,505	3,281,258	3,649,472	4,064,088
2,134,983	2,207,235	1,769,283	1,832,969	2,039,778	2,136,687
$ 15,991,994	$ 16,721,813	$ 16,707,616	$ 17,132,609	$ 18,060,691	$ 18,988,027

Changes in Net Assets

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 194,211	$ 187,544	$ 240,091	$ 289,749
Human Services and Juvenile Justice Services	538,492	576,276	573,154	595,337
Corrections	184,805	197,043	195,716	208,922
Public Safety	127,861	150,772	162,922	182,042
Courts	106,045	97,894	98,319	109,180
Health and Environmental Quality [1]	1,177,121	1,341,059	1,461,016	1,635,544
Higher Education	647,572	781,468	694,732	810,228
Employment and Family Services	352,082	384,457	409,334	405,845
Natural Resources	119,528	119,188	121,714	133,441
Community and Culture	90,794	88,339	86,065	84,843
Business, Labor and Agriculture	66,965	72,693	84,992	90,573
Public Education [2]	1,981,119	2,033,153	2,169,071	2,321,139
Transportation	523,591	538,525	579,914	640,251
Interest and Other Charges on Long-Term Debt	73,835	75,935	76,382	70,345
Total Expenses	6,184,021	6,644,346	6,953,422	7,577,439
Program Revenues				
Charges for Services:				
General Government	84,500	96,780	99,303	121,067
Human Services and Juvenile Justice Services	17,182	11,918	13,193	11,073
Corrections	6,235	7,260	2,138	4,483
Public Safety	28,471	31,147	31,594	32,777
Courts	29,221	32,991	46,468	47,330
Health and Environmental Quality	74,087	84,251	108,406	98,296
Higher Education	676	231	282	115
Employment and Family Services	5,397	9,139	6,414	8,492
Natural Resources	35,353	41,554	44,842	50,308
Community and Culture	4,807	1,427	4,420	5,368
Business, Labor and Agriculture	50,318	55,906	61,637	64,098
Public Education	38,604	38,209	59,213	85,867
Transportation	97,759	134,123	137,934	175,821
Operating Grants and Contributions	2,034,177	2,347,065	2,436,116	2,744,231
Capital Grants and Contributions	123,883	105,149	124,836	100,519
Total Program Revenues	2,630,670	2,997,150	3,176,796	3,549,845
Net Program (Expense) — Governmental Activities	(3,553,351)	(3,647,196)	(3,776,626)	(4,027,594)
General Revenues and Other Changes in Net Assets				
Taxes:				
Sales Tax and Use Tax [3]	1,488,452	1,547,174	1,697,720	1,921,048
Individual Income Tax Imposed for Education [3]	1,604,618	1,760,844	2,001,286	2,496,911
Corporate Tax Imposed for Education [3]	160,705	165,921	209,403	379,801
Motor and Special Fuel Taxes Imposed for Transportation	317,536	332,673	335,625	356,176
Other Taxes	213,613	234,777	275,755	316,980
Unrestricted Investment Income	9,152	7,818	17,690	46,856
Gain on Sale of Capital Assets	15,412	13,072	23,010	46,084
Federal Appropriation–Jobs and Growth Relief	37,970	37,970	—	—
Miscellaneous	34,733	30,117	24,781	31,999
Transfers–Internal Activities	24,237	13,408	9,437	(19,013)
Prior Period Adjustments and Restatements	(306,163)	120,425	—	—
Total General Revenues and Other Changes in Net Assets	3,600,265	4,264,199	4,594,707	5,576,842
Change in Net Assets — Governmental Activities – Increase (Decrease)	46,914	617,003	818,081	1,549,248

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 328,779	$ 385,331	$ 390,373	$ 383,925	$ 402,543	$ 418,346
634,265	679,920	700,307	669,169	648,456	646,565
237,305	255,319	254,980	238,902	243,616	249,569
172,912	191,910	189,069	184,197	204,627	241,101
115,811	125,587	123,209	118,577	123,604	123,405
1,620,936	1,649,209	1,812,067	1,875,775	2,001,233	2,148,195
824,503	912,998	997,218	837,479	828,660	1,115,301
393,938	423,122	514,915	672,852	707,019	712,388
174,711	159,955	174,730	166,749	187,164	157,145
108,110	132,687	139,840	177,823	159,755	154,759
92,441	95,563	101,995	96,895	94,397	100,385
2,548,391	2,959,311	3,033,574	3,007,905	3,058,046	3,000,117
702,833	850,387	819,833	744,638	772,243	761,760
64,019	58,851	52,070	87,393	104,887	121,192
8,018,954	8,880,150	9,304,180	9,262,279	9,536,250	9,950,228
156,111	257,537	154,794	169,808	140,794	178,354
10,889	10,840	13,359	12,851	12,140	11,905
4,624	5,332	5,211	6,520	5,988	4,715
43,806	49,247	51,475	53,504	55,394	57,257
46,158	46,517	48,957	77,953	57,959	56,148
84,938	65,666	64,328	88,504	150,763	230,318
235	31	32,981	419	90	194
3,532	7,413	8,067	(2,715)	10,476	11,802
45,367	64,407	71,266	70,780	73,645	79,577
4,833	5,278	3,632	5,030	5,804	3,148
63,240	68,622	65,376	74,400	67,582	83,758
69,471	100,919	79,462	73,962	71,757	80,425
199,277	251,562	288,205	314,906	305,685	362,371
2,769,644	2,658,284	3,177,737	3,865,150	4,079,907	3,704,709
122,939	144,867	145,353	204,237	109,669	157,564
3,625,064	3,736,522	4,210,203	5,015,309	5,147,653	5,022,245
(4,393,890)	(5,143,628)	(5,093,977)	(4,246,970)	(4,388,597)	(4,927,983)
2,131,958	2,006,926	1,762,745	1,735,023	1,812,271	1,931,045
2,667,207	2,435,059	2,336,528	2,027,884	2,384,025	2,525,082
412,720	409,794	252,095	272,535	226,726	284,666
353,107	350,426	337,395	340,568	355,042	351,346
320,204	333,545	354,982	328,703	397,908	415,190
89,795	63,947	29,267	5,575	7,480	8,464
52,139	26,980	15,583	10,927	19,727	17,294
—	—	—	—	—	—
37,569	41,659	46,375	35,288	35,403	58,851
46,778	37,733	38,953	55,845	47,431	43,091
—	—	28,447	—	(56,010)	—
6,111,477	5,706,069	5,202,370	4,812,348	5,230,003	5,635,029
1,717,587	562,441	108,393	565,378	841,406	707,046

Continues

Changes in Net Assets

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 86,995	$ 82,406	$ 95,495	$ 152,895
Unemployment Compensation [4]	307,834	242,828	142,632	102,476
Water Loan Programs	7,074	6,730	8,648	6,560
Community and Economic Loan Programs	1,482	1,199	1,160	1,570
Liquor Retail Sales	101,747	106,515	114,897	126,114
Other Business-type Activities	20,477	23,450	25,317	27,581
Total Expenses	525,609	463,128	388,149	417,196
Program Revenues				
Charges for Services:				
Student Assistance Programs	73,685	72,823	87,375	112,960
Unemployment Compensation	108,130	158,466	221,298	253,809
Water Loan Programs	8,975	9,160	9,796	10,715
Community and Economic Loan Programs	4,964	5,344	5,245	5,394
Liquor Retail Sales	134,810	143,634	153,004	173,400
Other Business-type Activities	22,574	27,401	30,865	32,826
Operating Grants and Contributions [5]	130,235	92,141	65,173	109,140
Total Program Revenues	483,373	508,969	572,756	698,244
Net Program Revenue (Expense) — Business-type Activities	(42,236)	45,841	184,607	281,048
General Revenues and Other Changes in Net Assets				
Taxes:				
Sales Tax and Use Tax	2,180	14,402	14,874	14,875
Unrestricted Investment Income	2,248	1,627	3,844	—
Gain on Sale of Capital Assets	—	—	226	308
Miscellaneous	—	—	—	—
Federal Appropriation–Jobs and Growth Relief	964	462	—	—
Transfers–Internal Activities	(24,237)	(13,408)	(9,437)	19,013
Prior Period Adjustments and Restatements	—	2,146	—	—
Total General Revenues and Other Changes in Net Assets	(18,845)	5,229	9,507	34,196
Change in Net Assets — Business-type Activities – Increase (Decrease)	(61,081)	51,070	194,114	315,244
Total Primary Government Change in Net Assets	$ (14,167)	$ 668,073	$ 1,012,195	$ 1,864,492

Notes: Legislative action created the Governor's Office of Economic Development in fiscal year 2006; this action moved activities from community and culture to the general government.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[3] From fiscal years 2005 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 and 2012, general tax revenues increased due to slightly higher revenues from a strengthening economy.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 174,220	$ 164,411	$ 144,007	$ 156,754	$ 93,422	$ 111,662
97,692	148,424	489,925	872,826	642,023	436,880
13,042	10,477	12,900	31,971	38,069	19,045
1,136	2,310	2,349	2,166	1,770	2,604
143,721	160,635	168,844	180,401	190,373	201,976
31,404	33,417	35,635	30,886	33,796	47,341
461,215	519,674	853,660	1,275,004	999,453	819,508
126,498	117,246	89,805	109,804	71,966	66,312
219,690	157,624	144,383	170,224	296,847	380,533
10,634	12,135	12,234	13,875	10,584	13,710
5,876	6,524	7,838	9,033	10,583	11,843
195,276	219,801	228,474	238,767	252,225	272,363
39,753	44,140	49,437	41,527	44,230	33,555
138,252	143,853	214,876	546,840	421,016	276,762
735,979	701,323	747,047	1,130,070	1,107,451	1,055,078
274,764	181,649	(106,613)	(144,934)	107,998	235,570
25,440	23,462	22,976	22,206	21,819	24,264
—	—	—	—	—	—
—	—	—	—	—	—
877	—	—	38,188	4,290	3,547
—	—	—	—	—	—
(46,778)	(37,733)	(38,953)	(55,845)	(47,431)	(43,091)
—	—	—	—	—	—
(20,461)	(14,271)	(15,977)	4,549	(21,322)	(15,280)
254,303	167,378	(122,590)	(140,385)	86,676	220,290
$ 1,971,890	$ 729,819	$ (14,197)	$ 424,993	$ 928,082	$ 927,336

[4] From fiscal years 2003 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. However, beginning in fiscal year 2008 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years. In fiscal years 2011 and 2012, expenses decreased reflecting Utah's improving economy and employment.

[5] In fiscal year 2012, operating grants and contributions decreased significantly from the two prior years, primarily due to a decrease in federal programs funded in part by the *American Recovery and Reinvestment Act* in the Unemployment Compensation Fund and reductions of operating grants in loan related programs.

Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	$ —	$ —	$ —	$ —
Prepaid Items [1]	—	—	—	—
Inventories	—	—	—	—
Restricted	—	—	—	—
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total General Fund	0	0	0	0
All Other Governmental Funds				
Nonspendable:				
Inventories	$ —	$ —	$ —	$ —
Prepaid Items	—	—	—	—
Permanent Fund Principal	—	—	—	—
Restricted	—	—	—	—
Committed [2]	—	—	—	—
Assigned [3]	—	—	—	—
Total All Other Governmental Funds	0	0	0	0
Total Fund Balances — Governmental Funds	$ 0	$ 0	$ 0	$ 0
General Fund				
Reserved [4]	$ 230,980	$ 214,063	$ 262,360	$ 300,497
Unreserved [5]	156,016	271,890	391,619	568,639
Total General Fund	386,996	485,953	653,979	869,136
All Other Governmental Funds				
Reserved	878,603	831,812	1,048,146	1,287,525
Unreserved reported in:				
Special Revenue Funds	562,605	643,340	737,746	1,096,485
Capital Projects [6]	75,489	(15,380)	(71,127)	(93,248)
Debt Service	7,107	5,787	5,881	14,332
Total All Other Governmental Funds	1,523,804	1,465,559	1,720,646	2,305,094
Total Fund Balances — Governmental Funds	$ 1,910,800	$ 1,951,512	$ 2,374,625	$ 3,174,230

Notes: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing GASB Statement 54. Fund balance has not been restated for prior years.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal year 2012, the nonspendable fund balance within the general fund increased $23.5 million due to prepaid items identified in the current year.

[2] In fiscal year 2012, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects.

[3] In fiscal year 2011, the assigned fund balance within other governmental funds increased as more funding was available for capital projects.

[4] In fiscal year 2009, general fund reserved fund balances decreased due to less reserves available as a result of the slowing economy.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ —	$ —	$ —	$ 2,861	$ 10,134	$ 13,537
—	—	—	—	—	23,450
—	—	—	411	538	662
—	—	—	35,171	31,523	39,745
—	—	—	371,354	445,540	489,487
—	—	—	222,963	212,002	159,082
—	—	—	14,884	609	11,342
0	0	0	647,644	700,346	737,305
$ —	$ —	$ —	$ 11,646	$ 10,523	$ 11,583
—	—	—	—	—	—
—	—	—	1,066,568	1,355,565	1,436,623
—	—	—	1,333,776	1,191,591	1,089,030
—	—	—	347,254	390,278	631,983
—	—	—	92,806	174,737	112,015
0	0	0	2,852,050	3,122,694	3,281,234
$ 0	$ 0	$ 0	$ 3,499,694	$ 3,823,040	$ 4,018,539
$ 411,600	$ 470,800	$ 305,224	$ —	$ —	$ —
667,972	394,068	327,467	—	—	—
1,079,572	864,868	632,691	0	0	0
1,558,607	1,867,469	1,892,734	—	—	—
1,473,424	975,035	807,356	—	—	—
(107,624)	57,027	(13,219)	—	—	—
17,801	20,801	5,210	—	—	—
2,942,208	2,920,332	2,692,081	0	0	0
$ 4,021,780	$ 3,785,200	$ 3,324,772	$ 0	$ 0	$ 0

[5] From fiscal years 2004 to 2007, general fund unreserved fund balances increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 and 2009, general fund unreserved fund balances decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the general fund.

[6] From fiscal years 2004 to 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital projects. Appropriations and bond proceeds available in subsequent fiscal years will fund these deficits.

Changes in Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Revenues				
Sales and Use Tax [1]	$ 1,481,823	$ 1,553,909	$ 1,699,636	$ 1,915,600
Individual Income Tax [1]	1,587,520	1,706,774	1,946,593	2,324,365
Corporate Tax [1]	161,129	165,893	209,304	379,624
Motor and Special Fuels Tax	321,370	327,838	336,417	344,902
Other Taxes	213,618	234,774	275,715	316,994
Federal Contracts and Grants [2]	2,049,922	2,295,428	2,366,786	2,524,022
Charges for Services/Royalties	244,527	286,879	330,998	405,013
Licenses, Permits, and Fees	101,529	103,635	121,382	113,684
Federal Mineral Lease	47,307	67,216	82,704	156,851
Federal Aeronautics	18,791	25,821	34,416	37,521
Intergovernmental	8,463	11,395	4,104	9,109
Investment Income [3]	34,626	69,314	71,538	116,215
Miscellaneous and Other	193,448	204,331	231,708	239,901
Total Revenues	6,464,073	7,053,207	7,711,301	8,883,801
Expenditures				
General Government	170,666	176,907	178,891	239,838
Human Services and Juvenile Justice Services	533,898	553,136	576,871	593,392
Corrections	179,115	188,951	198,030	205,310
Public Safety	125,517	150,353	163,072	179,622
Courts	98,784	102,302	107,807	114,111
Health and Environmental Quality [4]	1,175,092	1,342,903	1,461,618	1,634,619
Higher Education–State Administration	34,891	32,827	39,121	43,505
Higher Education–Colleges and Universities	597,477	614,922	637,087	675,267
Employment and Family Services	363,116	394,926	417,037	413,380
Natural Resources	134,247	121,461	123,195	140,592
Community and Culture	91,986	89,051	87,621	85,231
Business, Labor, and Agriculture	66,382	72,124	85,115	89,255
Public Education [5]	1,979,880	2,033,259	2,168,896	2,322,871
Transportation [6] [7]	756,634	811,088	832,285	799,265
Capital Outlay [8]	205,861	173,869	139,488	347,048
Debt Service — Principal Retirement	109,653	124,498	183,911	152,746
Debt Service — Interest and Other Charges	79,367	87,462	89,768	82,690
Total Expenditures	6,702,566	7,070,039	7,489,813	8,118,742
Revenues Over (Under) Expenditures	(238,493)	(16,832)	221,488	765,059
Other Financing Sources (Uses)				
General Obligation Bonds Issued [8]	278,705	—	140,635	—
Revenue Bonds Issued	—	16,377	18,430	—
Refunding Bonds Issued	381,800	319,230	22,066	—
Premium on Bonds Issued	87,756	35,729	12,039	—
Payment of Current Bond Refunding	(150,000)	(5,050)	—	—
Payment to Refunded Bond Escrow Agent	(279,369)	(349,244)	(23,212)	—
Capital Leases/Contracts Issued	—	11,498	—	—
Sale of Capital Assets	15,412	13,066	18,070	50,679
Transfers In	458,734	572,766	852,989	935,723
Transfers Out	(431,833)	(555,468)	(839,392)	(952,798)
Prior Period Adjustments and Restatements	—	(1,360)	—	942
Total Other Financing Sources (Uses)	361,205	57,544	201,625	34,546
Net Change in Fund Balances	$ 122,712	$ 40,712	$ 423,113	$ 799,605
Debt Service as a Percentage of Noncapital Expenditures	3.02 %	3.22 %	3.87 %	3.11 %

Notes: Legislative action created the Governor's Office of Economic Development in fiscal year 2006. This action moved activities from community and culture to general government.

This schedule has been restated for prior period adjustments. Adjustments were made to the fiscal year and the preceding fiscal year in which the prior period adjustment was identified.

[1] From fiscal years 2005 to 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal year 2009, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease. In fiscal years 2011 and 2012, tax revenues increased due to a rebounding economy.

[2] In fiscal years 2009 and 2010, federal contracts and grants increased in part due to funding provided by the American Recovery and Reinvestment Act.

[3] In fiscal year 2009, the decrease in fair value in investments for the permanent fund created a negative revenue.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 2,109,732	$ 2,031,239	$ 1,761,224	$ 1,733,412	$ 1,812,011	$ 1,934,035
2,589,252	2,560,394	2,340,400	2,124,173	2,332,562	2,518,373
411,929	410,586	249,177	266,961	230,888	285,541
366,446	357,664	337,529	341,196	352,918	353,299
320,204	333,542	354,713	328,753	397,248	414,744
2,480,016	2,574,585	3,207,110	3,713,771	3,626,354	3,561,512
412,411	468,451	463,248	463,436	528,568	625,831
120,349	121,882	128,212	179,947	188,998	183,630
145,985	134,404	172,642	129,377	135,979	183,739
44,074	68,193	34,141	39,752	51,003	22,883
23,332	12,884	9,446	28,659	18,537	34,407
240,988	46,716	(132,523)	118,541	274,797	46,133
261,617	373,047	382,614	356,004	332,722	393,010
9,526,335	9,493,587	9,307,933	9,823,982	10,282,585	10,557,137
268,775	319,389	325,076	313,981	316,440	354,486
627,598	677,234	701,099	667,192	646,411	645,418
229,198	251,216	255,448	235,411	238,090	245,829
172,427	196,008	213,038	199,731	207,426	239,453
119,650	131,261	129,125	136,373	128,676	127,066
1,620,400	1,648,841	1,812,488	1,873,264	2,008,356	2,144,101
49,064	64,587	60,224	52,084	48,836	49,359
708,063	793,283	782,650	734,440	718,026	721,074
406,532	432,955	519,741	673,329	703,786	706,181
171,014	174,120	178,306	161,640	189,430	153,698
108,592	132,413	140,453	178,258	160,338	155,575
91,162	96,072	101,966	96,579	93,149	99,689
2,547,421	2,960,873	3,035,519	3,002,318	3,059,351	2,999,706
857,389	1,098,986	1,283,221	1,244,707	997,695	1,087,332
560,108	566,955	607,794	1,007,219	1,236,168	973,206
159,862	193,292	180,613	189,041	223,952	266,300
75,149	139,883	64,675	113,876	142,452	168,047
8,772,404	9,877,368	10,391,436	10,879,443	11,118,582	11,136,520
753,931	(383,781)	(1,083,503)	(1,055,461)	(835,997)	(579,383)
—	75,000	498,810	982,170	1,034,970	609,920
—	—	—	101,595	—	5,250
—	—	—	—	196,610	—
—	1,557	45,445	65,853	94,689	92,558
—	—	—	—	—	—
—	—	—	—	(234,873)	—
—	2,131	2,010	11,122	—	—
47,193	30,824	28,035	13,966	20,256	22,158
3,721,041	4,550,400	3,606,534	929,044	1,125,598	1,097,387
(3,674,615)	(4,512,711)	(3,557,759)	(873,367)	(1,077,907)	(1,052,391)
—	—	—	—	—	—
93,619	147,201	623,075	1,230,383	1,159,343	774,882
$ 847,550	$ (236,580)	$ (460,428)	$ 174,922	$ 323,346	$ 195,499
2.95 %	3.72 %	2.66 %	3.28 %	3.83 %	4.44 %

[4] Expenditures for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[5] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

[6] In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from Transportation expenditures to Capital Outlay beginning in fiscal year 2006, at the inception of the fund.

[7] Expenditures for Transportation increased in fiscal years 2007 to 2010 as existing fund balances and federal resources were used to address the State's transportation infrastructure needs.

[8] Expenditures for Capital Outlay increased in fiscal years 2010 to 2011 as additional funding through bond proceeds were used to address the State's transportation infrastructure needs.

Revenue Base
Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	2002	**2003**	**2004**	**2005**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 37,667	$ 41,251	$ 44,957	$ 69,102
Mining	157,344	141,246	195,448	284,634
Construction	315,095	305,795	368,876	512,075
Manufacturing	1,369,021	1,392,412	1,691,533	2,027,777
Transportation	96,434	89,823	128,218	171,898
Communications and Utilities	2,963,647	2,833,309	3,080,330	3,248,719
Wholesale Trade	3,099,989	3,105,001	3,611,473	4,265,754
Retail	19,049,964	19,559,540	21,013,848	22,897,441
Finance, Insurance, and Real Estate	457,361	390,057	355,012	384,754
Services	4,157,216	4,005,676	4,179,256	4,747,385
Public Administration	77,846	93,453	83,973	106,941
Prior Period Payments and Refunds	730,567	602,479	557,951	524,772
Total Taxable Sales, Services and Use Tax Purchases	$ 32,512,151	$ 32,560,042	$ 35,310,875	$ 39,241,252
State Sales Tax Rate	4.75 %	4.75 %	4.75 %	4.75 %
Personal Income by Industry				
Federal Civilian	$ 2,424,092	$ 2,492,786	$ 2,653,711	$ 2,828,004
Federal Military	629,657	774,489	822,440	916,809
State and Local Government	6,082,386	6,445,482	6,673,566	7,051,503
Forestry, Fishing, and Related Activities	43,010	47,103	52,897	52,739
Mining	496,049	506,149	619,763	742,685
Utilities	463,345	352,674	376,006	395,148
Construction	4,067,291	3,994,736	4,336,227	4,898,246
Manufacturing	5,498,653	5,878,018	6,199,153	6,515,083
Wholesale Trade	2,169,930	2,214,233	2,401,466	2,644,323
Retail Trade	3,830,801	4,014,382	4,319,308	4,547,285
Transportation and Warehousing	2,172,067	2,261,435	2,431,034	2,623,687
Information	1,549,854	1,585,367	1,671,777	1,877,289
Financial, Insurance, Real Estate, Rental, and Leasing	3,959,156	4,046,606	4,262,738	4,645,983
Services	15,455,411	15,711,546	16,939,639	18,166,572
Farm Earnings	197,208	225,678	317,046	286,894
Other [2]	10,834,273	10,934,160	11,375,826	13,337,726
Total Personal Income	$ 59,873,183	$ 61,484,844	$ 65,452,597	$ 71,529,976
Highest Income Tax Rate	7.00 %	7.00 %	7.00 %	7.00 %

Sources: Taxable Sales, Services, and Use Tax Purchases — Utah State Tax Commission;
Personal Income by Industry — U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services

[1] Taxable Sales, Services, and Use Tax Purchases utilize American Industrial Classification codes starting in 2008. Prior to 2008 are based on Standard Industrial Classification codes.

[2] Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

Calendar Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
$ 75,432	$ 73,621	$ 10,822	$ 10,938	$ 12,747	$ 14,095
407,292	477,342	923,107	560,727	757,601	851,114
711,035	792,084	785,217	685,598	662,141	658,297
2,507,326	2,678,207	2,635,317	2,079,294	2,082,345	2,230,479
201,036	205,763	169,209	150,891	236,609	274,823
3,557,949	3,591,019	4,138,623	4,060,387	4,147,437	4,253,603
5,087,766	5,318,425	4,637,872	3,457,754	3,615,569	4,117,869
25,784,902	27,428,307	24,972,519	22,613,395	21,480,510	22,939,954
412,926	429,446	1,803,420	1,430,640	1,328,491	1,346,428
5,261,263	5,689,281	6,889,315	6,289,414	6,737,174	7,164,256
114,007	116,614	224,402	225,935	224,668	231,403
674,846	889,925	193,380	359,249	622,276	253,238
$ 44,795,780	$ 47,690,034	$ 47,383,203	$ 41,924,222	$ 41,907,568	$ 44,335,559
4.75 %	4.75 %	4.65 %	4.70 %	4.70 %	4.70 %
$ 3,000,038	$ 3,136,970	$ 3,138,234	$ 3,262,129	$ 3,427,143	$ 3,378,801
897,529	911,267	956,758	1,059,773	1,066,165	1,010,697
7,480,210	7,994,668	8,619,692	8,996,163	9,056,491	9,351,926
60,473	68,862	64,322	56,230	59,568	64,188
991,905	1,071,608	1,325,928	905,190	939,571	1,144,547
470,178	454,072	520,216	500,769	517,919	524,902
5,802,670	6,366,934	5,938,557	4,880,333	4,851,542	4,949,868
7,094,929	7,603,852	7,987,992	7,243,424	7,523,277	7,810,811
2,910,463	3,219,149	3,313,418	3,145,582	3,142,845	3,489,108
4,991,846	5,414,830	5,409,252	5,248,220	5,352,492	5,516,662
2,727,491	3,025,714	2,943,658	2,818,544	2,871,728	3,011,757
1,848,632	1,855,191	1,911,065	1,837,118	1,931,461	2,132,487
5,085,088	5,180,794	5,592,421	5,432,615	5,578,130	5,919,038
20,219,576	21,817,272	22,905,660	22,798,279	23,756,996	24,913,369
166,993	197,116	216,580	105,542	202,854	266,577
14,630,380	16,787,369	19,766,570	18,640,550	19,972,051	21,709,676
$ 78,378,401	$ 85,105,668	$ 90,610,323	$ 86,930,461	$ 90,250,233	$ 95,194,414
6.98 %	6.98 %	5.00 %	5.00 %	5.00 %	5.00 %

Revenue Payers by Industry — Schedule B–2
Taxable Sales, Services, and Use Tax Purchases
Most Current Calendar Year and Historical Comparison (Expressed in Thousands)

	Calendar Year 2002		Calendar Year 2011	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 37,667	0.1 %	$ 14,095	0.0 %
Mining	157,344	0.5 %	851,114	1.9 %
Construction	315,095	1.0 %	658,297	1.5 %
Manufacturing	1,369,021	4.2 %	2,230,479	5.0 %
Transportation	96,434	0.3 %	274,823	0.6 %
Communications and Utilities	2,963,647	9.1 %	4,253,603	9.6 %
Wholesale Trade	3,099,989	9.5 %	4,117,869	9.3 %
Retail	19,049,964	58.7 %	22,939,954	51.8 %
Finance, Insurance, and Real Estate	457,361	1.4 %	1,346,428	3.0 %
Services	4,157,216	12.8 %	7,164,256	16.2 %
Public Administration	77,846	0.2 %	231,403	0.5 %
Prior Period Payments, Refunds	730,567	2.2 %	253,238	0.6 %
Total Taxable Sales, Services, and Use Tax Purchases	$ 32,512,151	100.0 %	$ 44,335,559	100.0 %
State Sales Tax Rates	4.75 % except 2.00 % for Communications and Utilities		4.70 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2011.

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 2001				Calendar Year 2010			
	Number of Filers	**Percent of Total**	**Tax Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**Tax Liability**	**Percent of Total**
Adjusted Gross Income Class								
$10,000 and under	183,899	20.7 %	$ 4,351	0.3 %	159,947	15.4 %	$ (12)	0.0 %
$10,001–20,000	153,587	17.2 %	36,924	2.5 %	160,700	15.5 %	20,899	1.0 %
$20,001–30,000	123,864	13.9 %	77,076	5.2 %	138,390	13.4 %	58,896	2.8 %
$30,001–40,000	96,495	10.8 %	104,031	7.0 %	108,908	10.5 %	92,709	4.5 %
$40,001–50,000	79,700	9.0 %	125,574	8.5 %	87,108	8.4 %	116,366	5.6 %
$50,001–75,000	133,785	15.0 %	326,363	22.0 %	161,929	15.7 %	355,794	17.2 %
$75,001–100,000	61,659	6.9 %	230,335	15.5 %	99,980	9.6 %	344,293	16.6 %
$100,001–250,000	49,632	5.6 %	321,297	21.7 %	104,690	10.1 %	644,090	31.2 %
Over $250,000	7,866	0.9 %	256,226	17.3 %	14,625	1.4 %	435,837	21.1 %
Total	890,487	100.0 %	$ 1,482,177	100.0 %	1,036,277	100.0 %	$ 2,068,872	100.0 %

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2010.

Personal Income Tax Rates

Schedule B–4

Last Ten Calendar Years

	Calendar Year		
	2002 to 2005	**2006 to 2007** [1] [2]	**2008 to 2011** [3]
	Single and Married Filing Separately		
Tax Rate	2.30 %	2.30 %	—
Taxable Income Levels ..	$0–863	$0–1,000	—
Tax Rate	3.30 %	3.30 %	—
Taxable Income Levels ..	$864–1,726	$1,001–2,000	—
Tax Rate	4.20 %	4.20 %	—
Taxable Income Levels ..	$1,727–2,588	$2,001–3,000	—
Tax Rate	5.20 %	5.20 %	—
Taxable Income Levels ..	$2,589–3,450	$3,001–4,000	—
Tax Rate	6.00 %	6.00 %	—
Taxable Income Levels ..	$3,451–4,313	$4,001–5,500	—
Tax Rate	7.00 %	6.98 %	—
Taxable Income Levels ..	Over $4,313	Over $5,500	—
Flat Tax Rate	—	5.35 %	5.00 %
	Married Filing Joint, Head of Household, and Qualifying Widow(er)		
Tax Rate	2.30 %	2.30 %	—
Taxable Income Levels ..	$0–1,726	$0–2,000	—
Tax Rate	3.30 %	3.30 %	—
Taxable Income Levels ..	$1,727–3,450	$2,001–4,000	—
Tax Rate	4.20 %	4.20 %	—
Taxable Income Levels ..	$3,451–5,176	$4,001–6,000	—
Tax Rate	5.20 %	5.20 %	—
Taxable Income Levels ..	$5,177–6,900	$6,001–8,000	—
Tax Rate	6.00 %	6.00 %	—
Taxable Income Levels ..	$6,901–8,626	$8,001–11,000	—
Tax Rate	7.00 %	6.98 %	—
Taxable Income Levels ..	Over $8,626	Over $11,000	—
Flat Tax Rate	—	5.35 %	5.00 %

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution* , Article XIII, Section 5.

[1] The Legislature increased income levels and lowered the maximum tax rate effective for calendar year 2006.

[2] The Legislature passed an option for the taxpayer to use the single rate of 5.35% or the tax tables for calendar year 2007.

[3] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Governmental Activities				
General Obligation Bonds	$ 1,714	$ 1,589	$ 1,588	$ 1,437
State Building Ownership Authority Lease Revenue Bonds	335	339	312	296
Capital Leases	13	23	21	20
Contacts/Notes Payable	—	—	8	8
Total Governmental Activities	2,062	1,951	1,929	1,761
Business-type Activities				
Student Assistance Revenue Bonds	1,311	1,398	1,545	2,138
State Building Ownership Authority Lease Revenue Bonds	23	24	31	38
Water Loan Recapitalization Revenue Bonds	3	1	—	—
Contacts/Notes Payable	—	—	—	—
Total Business-type Activities	1,337	1,423	1,576	2,176
Total Primary Government [1]	$ 3,399	$ 3,374	$ 3,505	$ 3,937
Debt as a Percentage of Personal Income [1]	5.72 %	5.31 %	5.03 %	5.21 %
Amount of Debt Per Capita (expressed in dollars)	$ 1,408	$ 1,367	$ 1,376	$ 1,506
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,714	$ 1,589	$ 1,588	$ 1,437
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [2]	1.37 %	1.23 %	1.17 %	0.99 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [1]	$ 710	$ 644	$ 623	$ 550

Sources: Utah State Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Planning and Budget – Demographics.

Note: Debt includes principal, premiums, discounts, and deferred amounts on refundings.

[1] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[2] The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code* . See Schedule C–3 for taxable property value.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 1,284	$ 1,198	$ 1,563	$ 2,410	$ 3,256	$ 3,660
275	162	149	239	223	213
18	19	19	28	26	24
7	1	1	—	—	—
1,584	1,380	1,732	2,677	3,505	3,897
2,138	2,165	2,235	1,389	1,243	970
37	51	75	98	95	90
—	—	—	68	67	62
—	—	297	811	648	552
2,175	2,216	2,607	2,366	2,053	1,674
$ 3,759	$ 3,596	$ 4,339	$ 5,043	$ 5,558	$ 5,571
4.44 %	4.04 %	4.93 %	5.59 %	5.89 %	5.60 %
$ 1,392	$ 1,304	$ 1,586	$ 1,817	$ 1,975	$ 1,950
$ 1,284	$ 1,198	$ 1,563	$ 2,410	$ 3,256	$ 3,660
0.76 %	0.59 %	0.70 %	1.13 %	1.59 %	1.82 %
$ 476	$ 434	$ 571	$ 868	$ 1,157	$ 1,281

Other Long-Term Liabilities
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Governmental Activities				
General Obligation Bonds [1]	$ 1,623,680	$ 1,510,160	$ 1,514,510	$ 1,377,390
State Building Ownership Authority Lease Revenue Bonds	331,537	335,941	308,898	293,226
Net Unamortized Premiums	107,435	108,594	101,395	83,347
Deferred Amounts on Refunding	(14,038)	(26,966)	(25,361)	(21,546)
Capital Leases	12,846	22,902	20,931	19,644
Contracts/Notes Payable [2]	—	—	8,527	7,936
Compensated Absences [3]	134,746	139,594	140,029	148,762
Postemployment Benefits [4]	216,442	240,538	—	—
Claims	43,659	40,423	44,673	46,725
Pollution Remediation Obligation [2]	—	—	—	—
Arbitrage Liability	103	—	—	—
Net Other Post Employment Benefit Obligation	—	—	—	—
Settlement Obligations	—	—	—	—
Total Governmental Activities	2,456,410	2,371,186	2,113,602	1,955,484
Business-type Activities				
Student Assistance Revenue Bonds [5]	1,310,965	1,397,460	1,544,830	2,138,085
State Building Ownership Authority Lease Revenue Bonds	22,341	23,330	30,672	37,814
Water Loan Recapitalization Revenue Bonds	2,640	1,060	—	—
Net Unamortized Premiums	265	237	1,061	988
Deferred Amounts on Refunding	—	—	(464)	(415)
Contracts/Notes Payable [6]	—	—	—	—
Claims and Uninsured Liabilities	—	5,201	6,025	4,960
Arbitrage Liability	52,884	61,766	66,411	67,845
Total Business-type Activities	1,389,095	1,489,054	1,648,535	2,249,277
Total Primary Government Other Long-term Liabilities	$ 3,845,505	$ 3,860,240	$ 3,762,137	$ 4,204,761

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

[1] Beginning in 2010, the State elected to issue bonds for highway and building construction projects to take advantage of historically low interest rates and ease budget constraints.

[2] Beginning in 2008 the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activities. This obligation is now being reported as Pollution Remediation Obligation per the implementation of Governmental Accounting Standards Board (GASB) Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

[3] During 2009, a new evaluation was performed in accordance with Governmental Accounting Standards Board (GASB) Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

[4] Beginning in 2005 the Postemployment Benefits liability is no longer reported in the financial statements in preparation for the implementation of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.*

[5] During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs.

[6] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. The program was created to assist lenders in obtaining financing for student loans during 2008–2010 academic years.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 1,237,170	$ 1,161,510	$ 1,492,620	$ 2,299,300	$ 3,128,890	$ 3,487,680
273,538	161,614	148,654	236,629	220,380	210,384
66,581	51,011	80,962	119,694	162,003	200,979
(17,732)	(13,621)	(10,151)	(7,080)	(31,904)	(26,248)
18,228	18,769	19,210	27,542	25,799	24,270
6,941	559	512	484	466	446
185,630	186,581	162,689	162,120	182,543	185,701
—	—	—	—	—	—
44,755	41,285	43,650	41,897	42,731	44,700
—	7,842	7,687	7,690	7,083	6,640
109	—	—	—	—	—
—	—	3,918	5,693	7,142	5,439
—	—	—	39,422	38,926	34,007
1,815,220	1,615,550	1,949,751	2,933,391	3,784,059	4,173,998
2,137,655	2,165,180	2,235,322	1,388,922	1,218,390	930,422
36,552	50,246	73,676	96,476	92,445	88,161
—	—	—	65,800	65,800	61,205
879	1,117	1,491	4,093	29,092	16,917
(365)	(318)	(267)	(221)	(994)	25,445
—	—	297,381	811,354	647,842	552,423
4,678	5,786	14,941	19,105	16,179	17,866
72,487	65,945	57,782	50,214	11,968	10,000
2,251,886	2,287,956	2,680,326	2,435,743	2,080,722	1,702,439
$ 4,067,106	$ 3,903,506	$ 4,630,077	$ 5,369,134	$ 5,864,781	$ 5,876,437

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Taxable Property, Taxable Value [1]	$ 125,437	$ 129,345	$ 135,827	$ 144,519
Taxable Property, Fair Market Value [1]	$ 170,776	$ 176,541	$ 185,620	$ 198,983
Debt Limit (Fair Market Value times 1.5%)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	2,562	2,648	2,784	2,985
Net General Obligation Bonded Debt [2]	1,714	1,589	1,588	1,437
Legal Debt Margin	$ 848	$ 1,059	$ 1,196	$ 1,548
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	66.90 %	60.01 %	57.04 %	48.14 %

Source: Utah State Tax Commission.

Note: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. Section 1 of the Article limits outstanding state general obligation debt to 1.5 percent of the fair market value of the taxable property in the State. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

[1] Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2011, are used for fiscal year 2012.

[2] During 2010 and 2011, the State issued General Obligation bonds to take advantage of low interest rates and ease budget constraints.

Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Appropriations Limitation Amount	$ 4,150,684	$ 1,856,205	$ 1,956,584	$ 2,099,609
Limit (Appropriations Limitation Amount times applicable percentage) [1]	20.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	830,137	835,292	880,463	944,824
Net General Obligation Bonded Debt	1,713,755	1,588,810	1,587,804	1,436,845
Less: Exempt Highway Construction Bonds	(1,020,049)	(980,811)	(957,093)	(877,979)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	693,706	607,999	630,711	558,866
Additional General Obligation Debt Incurring Capacity	$ 136,431	$ 227,293	$ 249,752	$ 385,958

Source: Utah State Administrative Services, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* authorizes general obligation debt for purposes as authorized by the Legislature. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. Net General Obligation Bonded Debt includes premiums, discounts, and deferred amounts on refundings.

[1] The 2004 Legislature made changes to the calculation of the appropriations limit which also necessitated changing the applicable percentage from 20 to 45 percent, effective for fiscal year 2004.

Schedule C–3

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 168,812	$ 201,774	$ 224,689	$ 212,423	$ 205,284	$ 201,473
$ 233,013	$ 282,176	$ 311,525	$ 291,460	$ 280,846	$ 274,806
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3,495	4,233	4,673	4,372	4,213	4,122
1,284	1,198	1,563	2,410	3,256	3,660
$ 2,211	$ 3,035	$ 3,110	$ 1,962	$ 957	$ 462
36.74 %	28.30 %	33.45 %	55.12 %	77.28 %	88.79 %

Schedule C–4

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
$ 2,276,693	$ 2,477,629	$ 2,515,576	$ 2,657,135	$ 2,849,469	$ 3,033,826
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,024,512	1,114,933	1,132,009	1,195,711	1,282,261	1,365,222
1,284,023	1,198,172	1,562,815	2,409,939	3,256,114	3,660,089
(790,567)	(763,583)	(1,079,270)	(1,860,685)	(2,698,330)	(3,131,784)
493,456	434,589	483,545	549,254	557,784	528,305
$ 531,056	$ 680,344	$ 648,464	$ 646,457	$ 724,477	$ 836,917

Pledged Revenue Bond Coverage

Schedule C–5

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service		Coverage [3]
				Principal	Interest	
Water Loan Programs [4]						
2012	$ 13,710	$ 16,974 [5]	$ (3,264)	$ 4,595	$ 2,371	(0.47)
2011	$ 10,584	$ 35,939	$ (25,355)	$ —	$ 2,424	(10.46)
2010	$ 13,875	$ 31,213	$ (17,338)	$ —	$ 862	(20.11)
2009	$ —	$ —	$ —	$ —	$ —	—
2008	$ —	$ —	$ —	$ —	$ —	—
2007	$ —	$ —	$ —	$ —	$ —	—
2006	$ —	$ —	$ —	$ —	$ —	—
2005	$ 9,796	$ 8,611	$ 1,185	$ 1,060	$ 37	1.08
2004	$ 9,160	$ 6,613	$ 2,547	$ 1,580	$ 117	1.50
2003	$ 8,975	$ 6,873	$ 2,102	$ 1,495	$ 201	1.24
Student Assistance Programs [6]						
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2011	$ 27,188	$ (20,137) [7]	$ 47,325	$ 557,894	$ 20,655	0.08
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2007	$ 146,108	$ 33,211	$ 112,897	$ 430	$ 97,729	1.15
2006	$ 118,044	$ 37,810	$ 80,234	$ 40,420	$ 64,807	0.76
2005	$ 83,093	$ 31,944	$ 51,149	$ 3,710	$ 33,404	1.38
2004	$ 67,550	$ 35,645	$ 31,905	$ 43,640	$ 18,797	0.51
2003	$ 69,561	$ 41,346	$ 28,215	$ 36,110	$ 23,507	0.47

Note: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

[1] Revenues for Water Loan Programs are primarily interest on revolving loan receivables. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

[2] Operating Expenses do not include interest, depreciation, or amortization expenses.

[3] Coverage equals net available revenue divided by debt service.

[4] Between years 2006 and 2009, the State did not issue any water loan recapitalization bonds. Current year revenues were insufficient to cover program expenses for fiscal years 2010, 2011, and 2012.

[5] The total amount of grants issued were significantly less than in prior years.

[6] Only the Student Loan Purchase Program bonds are presented.

[7] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.2 million on its 1988 and 1993 revenue bonds.

State of Utah

Demographic and Economic Indicators

Schedule D–1

Last Ten Calendar Years

Calendar Year	Population (in Thousands) Utah Number	Utah Change	U.S. Number	U.S. Change	Unemployment Rate Utah	U.S.	Utah Net Migration
2003	2,414	2.4 %	290,796	0.9 %	5.7 %	6.0 %	18,568
2004	2,469	2.3 %	293,638	1.0 %	5.0 %	5.5 %	18,367
2005	2,547	3.2 %	296,507	1.0 %	4.2 %	5.1 %	40,647
2006	2,615	2.7 %	299,200	0.9 %	3.0 %	4.6 %	28,730
2007	2,700	3.3 %	302,040	0.9 %	2.7 %	4.6 %	44,252
2008	2,758	2.1 %	304,992	1.0 %	3.7 %	5.8 %	16,648
2009	2,735	(0.8) %	307,800	0.9 %	7.1 %	9.3 %	3,700
2010	2,775	1.5 %	310,100	0.7 %	8.0 %	9.6 %	4,500
2011	2,814	1.4 %	312,400	0.7 %	6.7 %	9.0 %	2,300
2012 (est.)	2,857	1.5 %	315,300	0.9 %	5.9 %	8.2 %	5,000

Calendar Year	Personal Income (in Millions) Utah Amount	Utah Change	U.S. Amount	U.S. Change	Per Capita Income (in Dollars) Utah Amount	Utah Change	U.S. Amount	U.S. Change
2003	$ 59,412	2.1 %	$ 9,163,600	3.2 %	$ 24,611	(0.2)%	$ 31,512	2.2 %
2004	$ 63,565	7.0 %	$ 9,727,200	6.2 %	$ 25,745	4.6 %	$ 33,127	5.1 %
2005	$ 69,744	9.7 %	$ 10,269,750	5.6 %	$ 27,383	6.4 %	$ 34,636	4.6 %
2006	$ 75,598	8.4 %	$ 10,993,900	7.1 %	$ 28,909	5.6 %	$ 36,744	6.1 %
2007	$ 84,709	12.1 %	$ 11,894,000	8.2 %	$ 31,374	8.5 %	$ 39,379	7.2 %
2008	$ 88,902	4.9 %	$ 12,391,000	4.2 %	$ 32,234	2.7 %	$ 40,627	3.2 %
2009	$ 87,947	(1.1)%	$ 11,930,000	(3.7)%	$ 32,156	(0.2)%	$ 38,759	(4.6)%
2010	$ 90,250	2.6 %	$ 12,322,000	3.3 %	$ 32,523	1.1 %	$ 39,736	2.5 %
2011	$ 94,401	4.6 %	$ 12,947,000	5.1 %	$ 33,547	3.1 %	$ 41,444	4.3 %
2012 (est.)	$ 99,404	5.3 %	$ 13,399,000	3.5 %	$ 34,793	3.7 %	$ 42,496	2.5 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2012 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2012 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2012 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2012 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Principal Employers

Schedule D–2

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 2002 Number of Employees	Rank	Percent of All Employees	Calendar Year 2011 Number of Employees	Rank	Percent of All Employees
Intermountain Health Care (IHC)	20,000 +	1	2.1 %	20,000 +	1	2.6 %
University of Utah (includes Hospital)	15,000 – 19,999	3	1.6 %	20,000 +	2	1.8 %
State of Utah	20,000 +	2	2.0 %	20,000 +	3	1.7 %
Brigham Young University	15,000 – 19,999	4	1.5 %	15,000 – 19,999	4	1.6 %
Wal-Mart Stores	7,000 – 9,999	6	0.9 %	15,000 – 19,999	5	1.5 %
Hill Air Force Base	10,000 – 14,999	5	1.1 %	10,000 – 14,999	6	1.0 %
Granite School District	7,000 – 9,999	7	0.8 %	7,000 – 9,999	7	0.8 %
Utah State University				7,000 – 9,999	8	0.8 %
Davis County School District				7,000 – 9,999	9	0.7 %
Smith's Food and Drug Center	5,000 – 6,999	10	0.4 %	5,000 – 6,999	10	0.6 %
Jordan School District	7,000 – 9,999	8	0.8 %			
Convergys	7,000 – 9,999	9	0.7 %			
Total Employees of Principal Employers	133,000		11.9 %	164,000		13.1 %

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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Composition of Labor Force

Last Ten Calendar Years

	Calendar Year			
	2002	**2003**	**2004**	**2005**
Nonagricultural Jobs				
Government	195,246	196,537	198,877	202,307
Mining	6,880	6,670	7,083	8,473
Construction	67,838	67,599	72,631	81,685
Manufacturing	113,873	112,291	114,765	117,246
Trade, Transportation, and Utilities	216,032	213,970	219,212	225,938
Information	31,004	30,016	30,272	32,105
Financial Activity	63,352	64,674	65,040	67,583
Professional and Business Services	131,912	131,910	138,220	146,704
Education and Health Services	113,696	118,379	123,282	128,605
Leisure and Hospitality	100,943	99,634	102,031	104,223
Other Services	32,970	32,451	32,915	33,451
Total Nonagricultural Jobs	1,073,746	1,074,131	1,104,328	1,148,320
Civilian Labor Force	1,181,691	1,207,436	1,237,055	1,276,378
Total Employed	1,113,645	1,139,129	1,174,797	1,223,248
Unemployed	68,046	68,307	62,258	53,130
Unemployment Rate	5.8 %	5.7 %	5.0 %	4.2 %

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee.

Calendar Year					
2006	**2007**	**2008**	**2009**	**2010**	**2011**
204,483	206,868	211,710	214,679	216,828	220,772
10,024	11,034	12,506	10,694	10,442	11,659
95,164	103,450	90,469	70,492	65,223	65,166
123,064	127,695	125,852	112,879	111,075	113,684
234,797	245,672	247,978	234,098	229,108	233,251
32,541	32,448	30,747	29,570	29,276	29,495
71,469	74,739	74,050	71,092	67,981	68,391
154,834	161,022	162,194	149,532	152,335	159,420
134,410	139,991	146,617	150,866	155,001	159,210
108,477	112,821	114,813	110,859	110,662	113,512
34,651	35,542	35,534	34,028	33,625	34,090
1,203,914	1,251,282	1,252,470	1,188,789	1,181,556	1,208,650
1,318,473	1,356,550	1,368,182	1,383,202	1,371,148	1,338,259
1,279,453	1,319,784	1,317,082	1,285,134	1,262,083	1,248,197
39,020	36,766	51,100	98,068	109,065	90,062
3.0 %	2.7 %	3.7 %	7.1 %	8.0 %	6.7 %

Public Education Student Enrollment (K–12)

Last Ten Academic Years

	Academic Year			
	2002–03	**2003–04**	**2004–05**	**2005–06**
Elementary	262,168	266,666	273,163	283,972
Secondary	218,975	220,272	222,519	226,040
Total All Grades	481,143	486,938	495,682	510,012

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

Public Higher Education Enrollment

Last Ten Academic Years

	Academic Year			
	2003–04	**2004–05**	**2005–06**	**2006–07**
University of Utah	29,936	30,479	30,558	30,511
Utah State University [1]	23,474	23,908	23,107	23,623
Weber State University	19,167	18,875	18,334	18,642
Southern Utah University	6,048	6,672	6,859	7,029
Salt Lake Community College	24,154	25,711	25,551	25,129
Utah Valley University	23,803	24,149	24,487	23,305
Dixie State College of Utah [2]	7,682	8,564	9,114	5,967
College of Eastern Utah	2,692	2,471	2,179	2,220
Snow College	4,036	4,108	4,113	4,179
Utah College of Applied Technology	35,549	25,817	25,199	19,389
Total All Institutions	176,541	170,754	169,501	159,994

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in 2011-12.

[2] Dixie State College of Utah included summer term headcounts for academic years prior to 2006–07.

Schedule D–4

Academic Year					
2006–07	**2007–08**	**2008–09**	**2009–10**	**2010–11**	**2011–12**
294,202	303,807	314,676	322,704	329,111	334,110
229,801	233,846	236,694	240,569	247,134	253,635
524,003	537,653	551,370	563,273	576,245	587,745

Schedule D–5

Academic Year					
2007–08	**2008–09**	**2009–10**	**2010–11**	**2011–12**	**2012–13**
29,797	30,228	31,407	30,833	31,673	32,398
24,421	23,925	25,065	25,767	28,994	28,786
18,306	21,674	23,331	24,126	25,483	26,680
7,057	7,516	8,066	8,024	7,750	8,297
25,144	29,866	33,774	33,983	33,167	30,112
23,840	26,696	28,765	32,670	33,395	31,556
5,944	6,443	7,911	8,755	9,086	8,863
2,444	2,082	2,173	2,634	—	—
3,745	3,798	4,368	4,386	4,465	4,599
19,595	20,321	18,831	18,476	15,536	15,418
160,293	172,549	183,691	189,654	189,549	186,709

Full-Time Equivalent State Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General Government				
Government Operations [1]	1,297	1,295	1,292	1,345
Tax Commission	835	846	844	852
All Other	144	127	132	147
Human Services and Juvenile Justice Services	4,543	4,630	4,697	4,644
Corrections	2,159	2,228	2,234	2,319
Public Safety				
Department of Public Safety	1,166	1,211	1,182	1,159
Utah National Guard	227	252	245	247
State Courts	1,053	1,056	1,073	1,077
Health and Environmental Quality				
Department of Health	1,207	1,271	1,289	1,295
Department of Environmental Quality	408	397	403	406
Employment and Family Services	1,889	1,993	1,999	1,931
Natural Resources	1,215	1,266	1,273	1,319
Community and Culture [1]	267	262	251	188
Business, Labor, and Agriculture	701	703	712	716
Education				
Public Education Support	1,055	1,088	1,129	1,176
Higher Education Support	147	154	177	200
Transportation	1,871	1,829	1,762	1,768
Total Full-time Equivalent State Employees	20,184	20,608	20,694	20,789

Source: Utah State Administrative Services, Division of Finance

[1] In fiscal year 2006, the Legislative action created the Governor's Office of Economic Development; this action shifted employees from community and culture to the government operations function.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
2,074	2,114	2,084	2,018	1,976	2,024
764	777	763	723	719	716
152	157	154	157	152	159
4,521	4,546	4,464	4,155	3,935	3,907
2,316	2,377	2,439	2,271	2,243	2,244
1,151	1,153	1,202	1,218	1,241	1,275
246	237	239	196	214	226
1,077	1,112	1,096	1,068	1,042	1,038
1,231	991	988	950	937	923
382	385	383	384	376	372
1,729	2,030	2,062	2,066	2,041	1,912
1,304	1,330	1,361	1,350	1,361	1,302
187	188	191	193	190	169
706	722	715	691	686	701
1,159	1,168	1,178	1,170	1,137	1,094
230	223	205	171	195	204
1,691	1,716	1,685	1,637	1,612	1,604
20,920	21,226	21,209	20,418	20,057	19,870

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General Government				
Government Operations				
Construction Projects Managed	886	844	782	828
Tax Commission				
Percent of Data Managed Electronically	33.5 %	42.1 %	48.3 %	54.4 %
Number of Returns Filed Electronically	325,077	409,249	482,443	565,851
Motor Vehicle Registrations (in thousands)	2,524	2,657	2,732	2,818
Human Services and Juvenile Justice Services				
Food Stamp Recipients [1]	186,074	211,480	225,685	230,288
Percent of Population	7.7 %	8.6 %	8.9 %	8.8 %
Juveniles, Daily Average in Justice System Placement	1,208	1,203	1,239	1,128
Rate of Recommitment to Juvenile Custody	10.3 %	9.4 %	7.3 %	9.5 %
Corrections				
Incarcerated Offenders [1]	5,687	5,875	6,148	6,325
Supervised Offenders [1]	11,514	11,519	11,798	12,158
Utah Incarceration Rate (per 100,000 population)	240	246	240	240
US Incarceration Rate (per 100,000 population)	482	486	488	497
State Courts [2]				
State Court Filings	313,340	294,376	300,049	283,724
State Court Dispositions	323,235	317,015	339,664	263,703
Health				
Children's Health Insurance Program Enrollment	24,854	28,443	28,924	35,259
Medicaid Eligible (unduplicated)	249,745	276,813	286,983	287,559
Percent of Population	10.3 %	11.2 %	11.3 %	11.0 %
Employment and Family Services				
Individuals Registered for Employment	259,914	256,934	266,105	250,855
Percent Who Entered Employment	62 %	61 %	66 %	70 %
Natural Resources				
Hatchery Fish, Pounds Raised	887,546	930,071	893,497	1,062,512
Hunting and Fishing Licenses Sold (in thousands) [1] [3]	360,285	366,256	366,341	415,066
State Park Visitations (in thousands)	4,573	4,414	4,299	4,532
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	250,295	257,140	262,216	291,162
Department of Agriculture and Food				
Dairy Farm Inspections	1,145	1,087	1,089	1,054
Pounds of Turkey Inspected and Graded (in thousands)	88,780	69,371	92,650	88,544
Gas Pumps and Scales Inspected	23,913	22,510	37,892	26,394
Higher Education				
Number of Certificates and Degrees Awarded	25,999	30,801	30,093	30,463
Transportation				
Percent of Roads Which are Deficient (see page 135) [1]	6.4 %	6.2 %	6.3 %	11.3 %
Vehicles Weighed or Inspected (in thousands)	5,462	5,456	5,528	5,796

Source: Various departments of the State and Utah State Board of Regents.

Note: N/A = Not Available

[1] Data is provided on a calendar year basis.

[2] State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

[3] Includes only licenses for elk, deer, fishing and all other big game. Year 2012 is an estimate.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
909	946	841	847	898	849
58.9 %	62.9 %	65.3 %	70.5 %	77.0 %	75.5 %
640,365	725,293	748,879	777,485	863,907	946,606
2,955	2,779	2,759	2,681	2,583	2,725
214,164	224,313	293,151	363,714	394,170	404,316
7.9 %	8.1 %	10.7 %	13.1 %	14.0 %	14.2 %
1,150	1,132	1,105	1,023	946	928
6.8 %	7.3 %	7.2 %	8.3 %	6.9 %	6.4 %
6,502	6,489	6,521	6,692	6,812	N/A
11,521	12,519	12,423	12,702	12,906	N/A
246	232	232	232	238	N/A
445	509	504	502	500	N/A
275,020	270,684	369,830	367,541	348,548	329,176
240,180	225,362	369,772	341,626	312,953	309,307
31,998	32,101	38,036	41,503	38,498	37,872
274,710	267,378	298,372	325,204	340,805	361,457
10.2 %	9.7 %	10.9 %	11.7 %	12.1 %	12.7 %
202,642	211,906	283,692	317,998	316,703	351,629
72 %	74 %	71 %	59 %	56 %	59 %
993,323	964,630	1,106,719	1,334,782	1,240,499	1,058,375
438,286	599,691	607,875	598,474	661,239	659,534
4,676	4,549	4,624	4,620	4,821	5,051
309,106	314,894	321,943	308,717	315,238	325,769
769	718	743	667	718	N/A
85,954	81,945	55,685	77,257	106,016	N/A
21,423	19,631	22,216	15,548	21,499	20,492
30,182	33,608	26,990	28,639	30,199	N/A
12.4 %	13.9 %	13.1 %	14.7 %	10.9 %	N/A
6,358	6,278	4,790	4,686	4,622	4,807

Capital Asset Statistics by Function

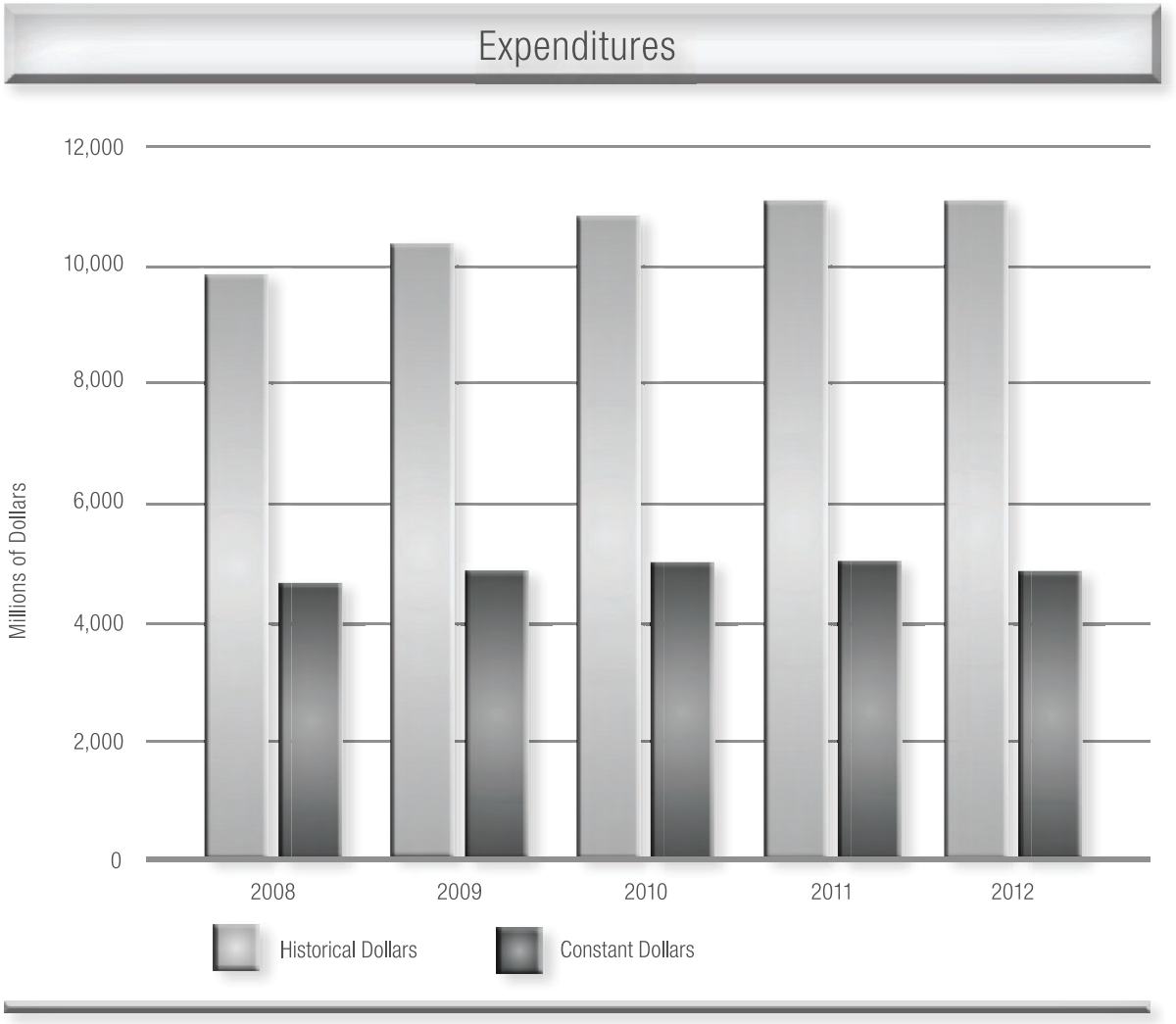
Last Ten Fiscal Years

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
General Government				
Buildings	307	313	319	319
Vehicles	7,339	7,368	7,354	7,376
Data Processing Equipment and Software	3,927	2,048	2,116	2,179
Reproduction and Printing Equipment	872	1,013	1,011	1,011
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	81	84	86	75
Corrections				
Data Processing Equipment and Software	183	185	188	192
Security and Surveillance Equipment	44	43	41	40
Public Safety				
Department of Public Safety				
Vehicles	21	22	28	35
Data Processing Equipment and Software	95	117	129	135
Medical and Lab Equipment	109	116	122	133
Utah National Guard				
Buildings	199	201	202	204
State Courts				
Data Processing Equipment and Software	148	151	80	85
Audio Visual Equipment	141	163	188	190
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	276	214	229	215
Medical and Lab Equipment	159	172	189	204
Department of Environmental Quality				
Monitoring and Lab Equipment	250	247	279	295
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	226	289	351	370
Natural Resources				
Division of Parks and Recreation				
State Parks	39	39	40	42
Buildings	562	634	626	622
Vehicles	239	248	258	269
Division of Wildlife Resources				
Wildlife Management Areas	87	87	87	87
Fish Hatcheries	11	11	11	11
Buildings	185	192	167	167
Vehicles	93	107	117	136
Business, Labor, and Agriculture				
Data Processing Equipment and Software	94	91	100	94
Monitoring and Lab Equipment	90	101	107	108
Transportation				
Highway Center Line Miles	5,799	5,733	5,724	5,680
Buildings	299	308	315	336
Vehicles	693	701	737	770
Heavy Equipment	1,892	1,991	2,158	2,346

Source: Utah State Administrative Services, Division of Finance and various agencies of the State.

Fiscal Year					
2007	**2008**	**2009**	**2010**	**2011**	**2012**
288	289	290	299	305	311
7,376	7,437	7,256	7,266	7,323	7,309
2,156	2,302	2,448	2,437	2,541	2,691
948	1,020	994	1,003	1,065	1,127
72	61	45	64	52	52
189	230	219	226	218	216
43	52	55	59	59	67
28	28	28	34	34	35
121	127	182	200	222	230
140	146	147	174	184	187
192	192	193	206	213	215
86	95	95	105	64	64
190	191	190	192	192	145
216	211	216	147	143	127
203	228	218	257	287	303
304	313	327	316	349	376
424	458	464	449	422	389
42	42	42	42	43	43
642	667	681	684	719	722
296	292	315	329	333	332
87	87	92	92	92	92
11	11	11	11	11	11
164	165	163	166	175	180
142	189	193	208	212	201
94	99	91	94	97	102
107	106	106	105	108	111
5,777	5,754	5,699	5,753	5,772	5,724
343	345	358	361	386	387
812	832	832	824	838	844
2,462	2,543	2,544	2,538	2,549	2,574

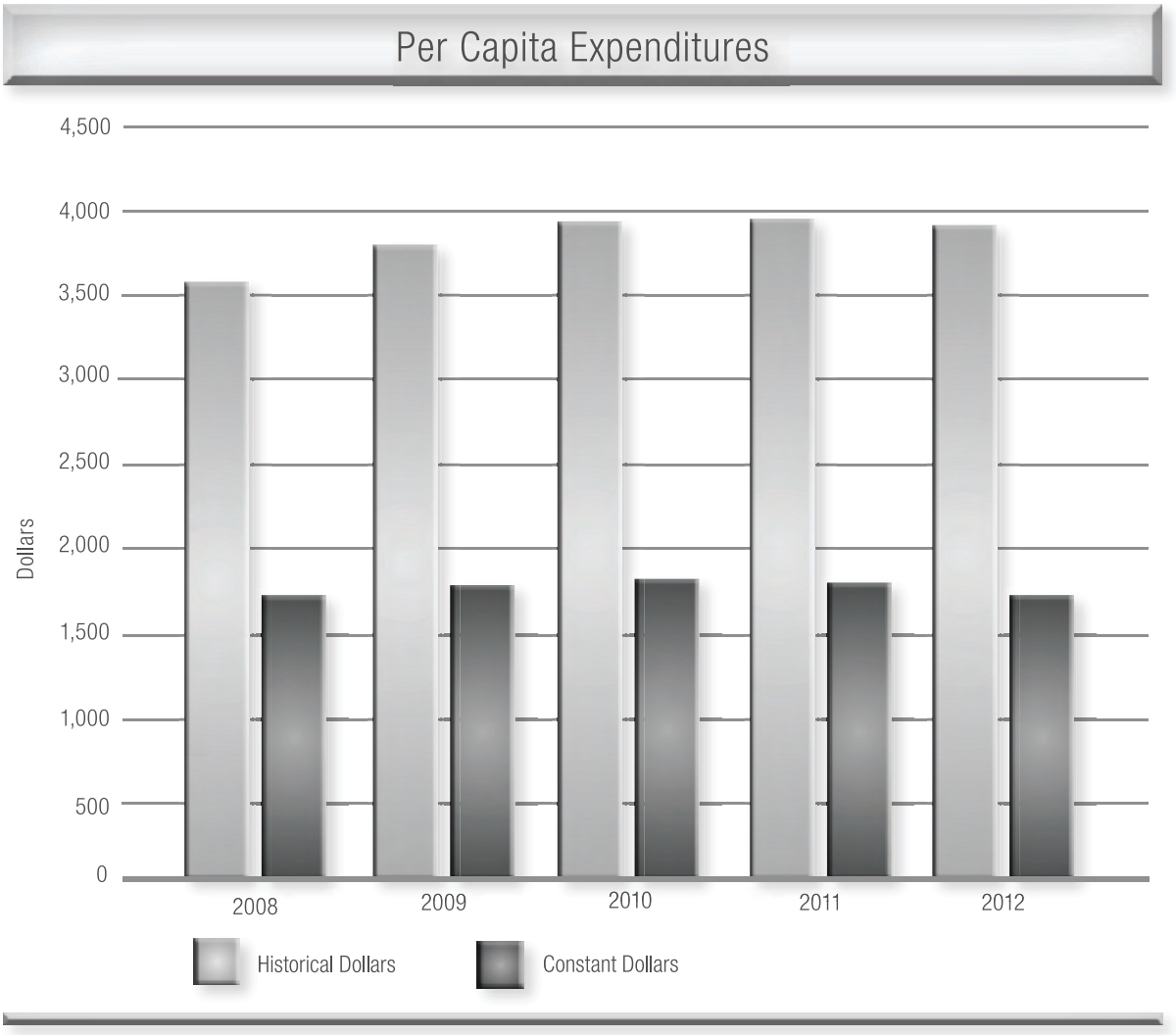
Expenditures — Historical and Constant Dollars **Schedule F–1**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2008	$ 9,877	12.6 %	$ 4,666	8.6 %
2009	$ 10,391	5.2 %	$ 4,842	3.8 %
2010	$ 10,879	4.7 %	$ 5,024	3.8 %
2011	$ 11,119	2.2 %	$ 5,029	0.1 %
2012	$ 11,137	0.2 %	$ 4,894	(2.7)%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

Per Capita Expenditures — Historical and Constant Dollars **Schedule F–2**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2008	$ 3,581	10.2 %	$ 1,692	6.3 %
2009	$ 3,799	6.1 %	$ 1,770	4.6 %
2010	$ 3,920	3.2 %	$ 1,810	2.3 %
2011	$ 3,951	0.8 %	$ 1,787	(1.3)%
2012	$ 3,898	(1.3)%	$ 1,713	(4.1)%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

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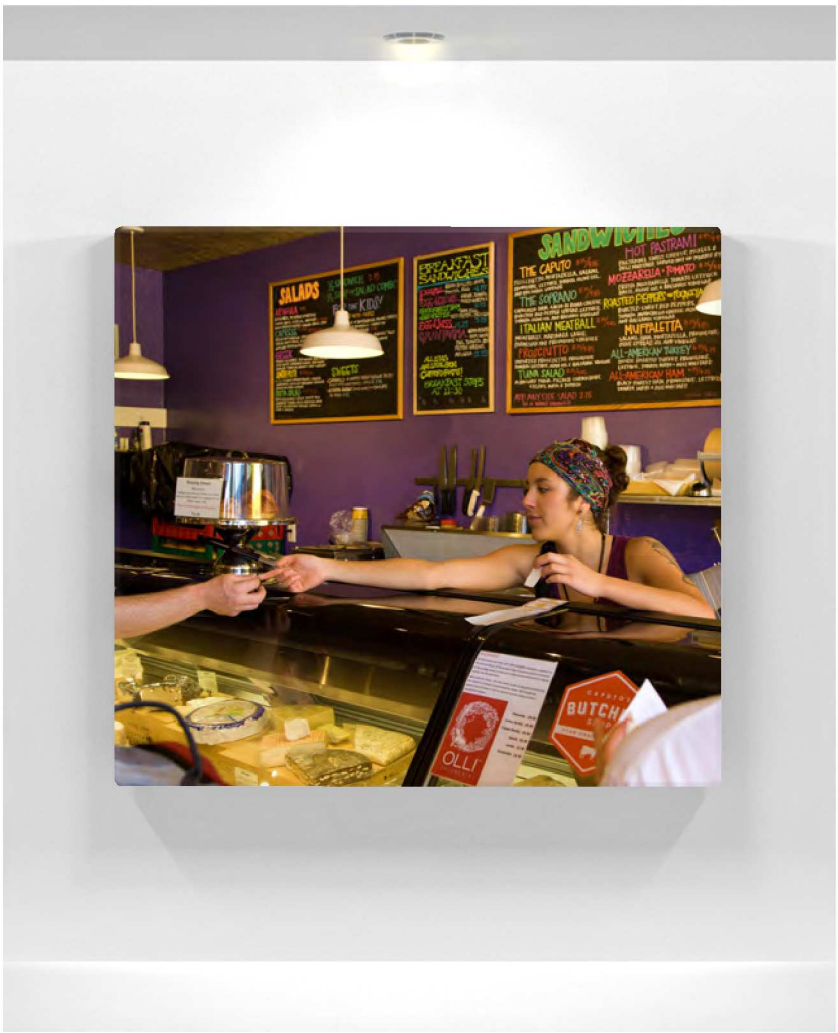

Utah has a pioneering heritage that underscores our globally renowned work ethic. A spirit of self-determination and top ranked volunteerism means Utah thrives not just economically, but culturally and socially.

Caputo's on 15th

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